



OVERSEEING PUBLIC FUNDS

How to scrutinise budgets

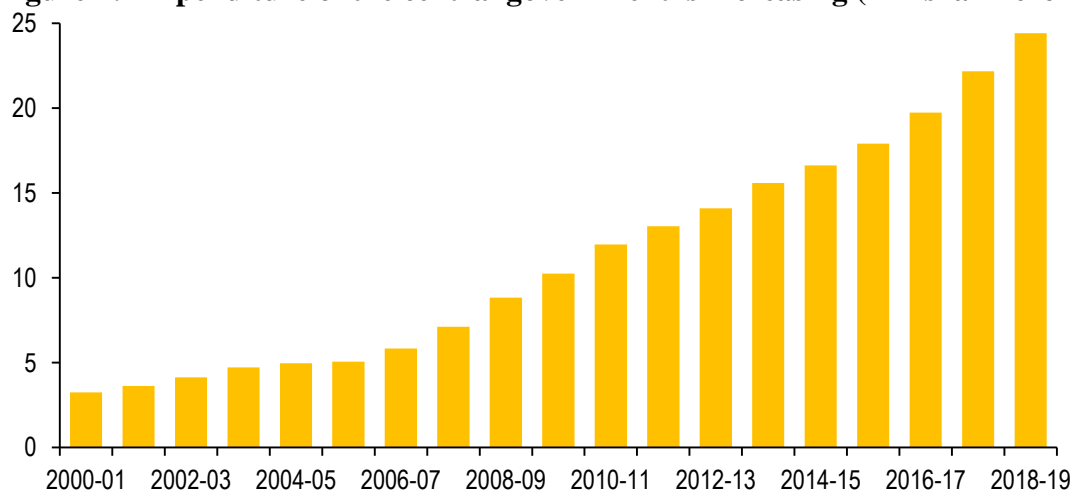
May 2019

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Parliamentary oversight of government finances

The expenditure of the central government has increased from Rs 3.3 lakh crore in 2000-01 to Rs 24.4 lakh crore in 2018-19. This translates to an expenditure of about Rs 20,000 per person. With the objective of improving the quality of life of citizens, these public funds are spent across various sectors such as defence, security, agriculture, health, social welfare, education, and infrastructure.

Figure 1: Expenditure of the central government is increasing (in Rs lakh crore)



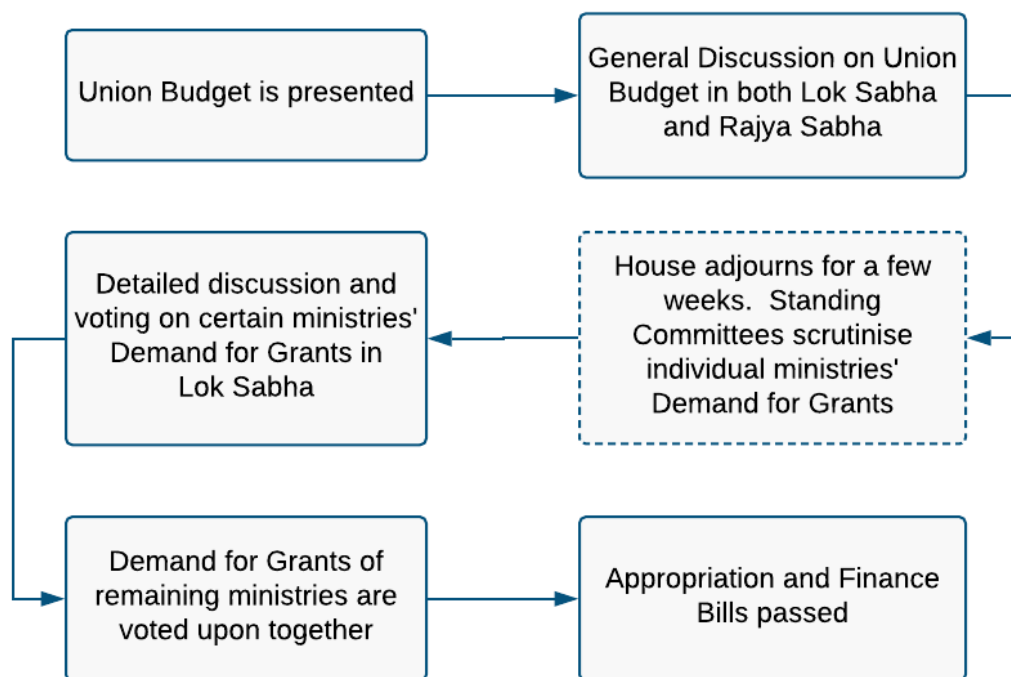
Members of Parliament (MPs) have a core role in examining how this money is being raised, how it is planned to be spent, and whether such spending would lead to desired outcomes. MPs hold the government accountable for use of public funds in two stages. Firstly, before the beginning of each year, they scrutinise and approve the Union Budget which contains the expenditure priorities, taxation proposals, and borrowing requirements for the upcoming financial year. Second, they examine the audit reports on the approved spending to see whether the allocation was used effectively and appropriately.

This primer explains the mechanisms by which MPs conduct financial oversight of the government. It explains key terms used in budget documents to describe government income and spending and the gap between the two as a surplus or a deficit. The primer also describes the different documents presented in the budget and what information may be gathered from each of them.

Oversight through the Union Budget

Parliamentary oversight of public funds broadly involves two functions: (a) scrutinising and sanctioning the government’s expenditure and taxation proposals through the Union Budget; and (b) examining the utilisation of funds that have been allocated for various activities, through parliamentary committees.

Figure 2: Budget process



What happens once the budget is presented in Parliament?

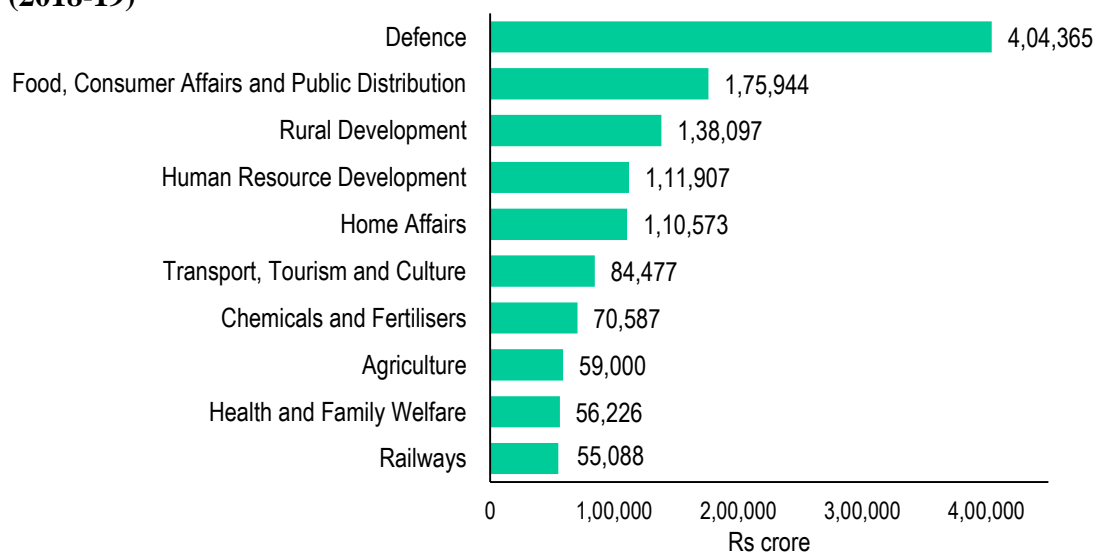
After the budget is presented, a general discussion is held in both Lok Sabha and Rajya Sabha. Discussion at this stage is limited to general examination of the budget and proposals of the government. At the end of the discussion, the Finance Minister gives a reply. No voting takes place at this stage.

After the general discussion, Parliament may go into recess for a few weeks. At this point, detailed estimates of expenditure of all ministries, called Demands for Grants, are sent for examination to the Parliamentary Standing Committees, that comprise members of both Lok Sabha and Rajya Sabha.

What is the role of Standing Committees in the budget process?

One of the functions of Standing Committees is to scrutinise the allocation of funds to the ministries under their supervision. At present, there are 24 Standing Committees that together oversee the work of all the ministries. For instance, the Standing Committee on Defence scrutinises the Demands for Grants of all departments under the Ministry of Defence, which amounted to Rs 4 lakh crore in 2018-19 (i.e., 16.5% of the budget).

Figure 3: Expenditure under the purview of various Standing Committees (2018-19)



These Committees examine the: (i) amount allocated to various programmes and schemes under the Ministry, and (ii) trends of utilisation of the money allocated to the Ministry. In doing so, officials of the Ministry are required to depose before the Committee to respond to queries and provide additional information in connection with the Demands for Grants being examined. While examining a ministry's expenditure, the Committees may consult or invite views from experts.

Based on these consultations, the Committees submit their reports to Parliament. The Committees' recommendations are useful for MPs to understand implications of the proposed expenditure across ministries and allow for informed debate before approving such expenditure.

Standing Committee scrutiny of Demand for Grants of the Department of Health and Family Welfare

The observations and recommendations of the Committee when scrutinising the 2018-19 Demands for Grants included: (i) the current health expenditure of the centre at 0.3% of GDP will not meet the goals of the National Health Policy that envisages health expenditure of 2.5% of GDP by centre and states by 2025, (ii) attention needs to be paid to the wide gap between demands of the Department and allocation made as well as delays in transfer of funds, and (iii) reduced budgetary allocation has led to scaling down of various health initiatives and programmes.

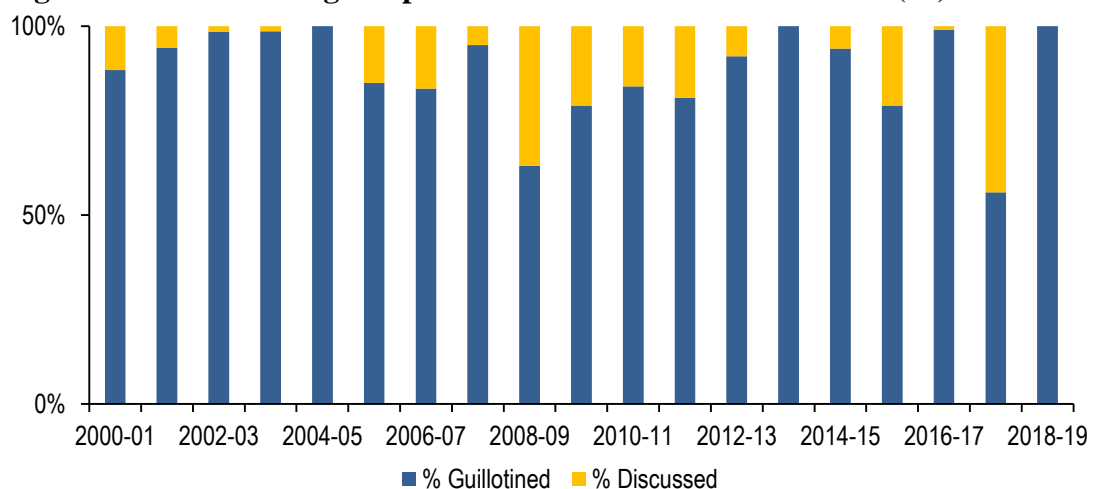
The Committee also noted that the National Health Protection Scheme, announced in the Union Budget 2018-19 is just a modification of Rashtriya Swasthya Bima Yojana (RSBY). It recommended that a Committee be formed to analyse the failures of RSBY and ensure that inadequacies with the operation and implementation of RSBY are not repeated.

What happens once the reports are submitted?

Typically, Lok Sabha decides to hold a detailed discussion on four or five Demands for Grants. The ministries identified for discussion vary every year and are decided by the Business Advisory Committee of Lok Sabha. This discussion is followed by voting. The demands which have not been discussed and voted on by the last day are ‘guillotined’, i.e. they are voted upon together.

The graph below shows the share of budget expenditure that has been guillotined from 2000-01 to 2018-19. In 2004-05, 2013-14, and 2018-19, all Demands for Grants were guillotined i.e. passed without discussion.

Figure 4: Share of budget expenditure: Guillotined vs Discussed (%)



During the voting on Demands for Grants, MPs can express their disapproval through ‘*cut motions*’. If a cut motion is passed, it signifies loss of confidence in the government and the Cabinet is expected to resign. MPs can move cut motions to reduce the grant amount for the respective ministry: (i) to Re 1 to signify disapproval of the policies of that ministry, (ii) by a specific amount (an ‘Economy’ cut), or (iii) by a token amount of Rs 100 to express a specific grievance.

What are the final steps in the budget process?

After the Demands for Grants are passed, they are consolidated into an Appropriation Bill. This Bill seeks to authorise the government to spend money from the Consolidated Fund of India, which consists of all receipts and borrowings of the government.

After the passing of the Appropriation Bill, the Finance Bill is also taken up for consideration and passing. This Bill includes details of the change in tax rates, and imposition of taxes on various entities.

Once Lok Sabha passes the budget, Rajya Sabha only has a recommendatory role in passing the Appropriation and Finance Bills as they are Money Bills.

Finance Bill

The Finance Bill is introduced with the budget and consists of the government's financial proposals for the upcoming year. The Finance Bill is usually introduced as a Money Bill. The Constitution defines Money Bill as one which only contains provisions related to taxation, borrowings by the government, or funds of the Consolidated Fund of India. A Money Bill only needs the approval of Lok Sabha, after which Rajya Sabha can only give its recommendations.

Finance Bills, in the last few years, have included items which have no relation to taxes or to the expenditure of the government. For example, the Finance Bill, 2016 included amendments to the Foreign Contribution (Regulation) Act which relates to donations to non-profits. The Finance Bill, 2017 changed the compositions of 19 quasi-judicial bodies such as the Securities Appellate Tribunal, the National Green Tribunal and the Telecom Disputes Settlement and Appellate Tribunal, and repealed seven other bodies including the Competition Appellate Tribunal. Further, about half the clauses of the 2018 Bill were on issues unrelated to taxes.

What happens if the government needs to spend additional money during the year?

During the year, if the government needs to spend any money which has not been approved by Parliament or needs to incur additional expenditure, it can introduce *Supplementary Demands for Grants*. Typically, Supplementary Demands for Grants are passed in every Parliament session. Note that, unlike the Demands for Grants presented with the budget, these supplementary demands have never been scrutinised by Standing Committees.

In 2018-19, the government introduced three Supplementary Demands for Grants. These required Parliament to authorise additional expenditure of about Rs 3 lakh crore (i.e., 12% of the 2018-19 budget). For instance, the second Supplementary Demands for Grants of 2018-19 provided Rs 2,345 crore towards equity infusion in Air India.

Oversight after the Budget is passed

Oversight by Parliament after the budget is passed is necessary to make sure that amount sanctioned by Parliament is being used in an appropriate manner. Financial Committees scrutinise and exercise parliamentary control over government expenditure and table reports in Parliament.

Public Accounts Committee

After the financial year ends, the Comptroller and Auditor General (CAG) audits the income and expenditure accounts of the government and tables its report in Parliament. Every year, the CAG tables about 40 audit reports in Parliament. Since it is difficult and time-consuming for Parliament to discuss each of these reports, the Public Accounts Committee (PAC) is entrusted with examining the findings of the CAG audit reports. The PAC scrutinises whether the government is spending money for the purpose for which Parliament sanctioned the expenditure.

While examining the reports, the PAC interacts with officials from the CAG, different ministries and experts. The government responds to every report of the PAC by stating the recommendations that have been accepted or rejected by them. Based on these responses, the PAC prepares Action Taken Reports and tables them in Parliament.

PAC 134th Report on Pradhan Mantri Swasthya Suraksha Yojana

The Committee examined the CAG Performance Audit on Pradhan Mantri Swasthya Suraksha Yojana (PMSSY). PMSSY aims to improve availability of tertiary healthcare services by: (i) setting up new AIIMS, and (ii) upgrading government medical college institutions. Key observations and recommendations made by the Committee include: (i) absence of operational guidelines resulting in ad hoc decisions being taken on key aspects of the scheme, (ii) no mechanism in place for monitoring actual expenditure leading to accumulation of unspent funds, and (iii) delay of five years in completion of AIIMS due to poor contract management and monitoring.

The Committee noted that the Ministry had estimated the capital cost for setting up six new AIIMS to be Rs 332 crore per institute which was revised to Rs 820 crore per institute after four years. It recommended that the Ministry should ensure adherence to contract provisions in the execution of works.

Estimates Committee

The Estimates Committee facilitates Parliament's control over the expenditure sanctioned and incurred, and over the general policies of the administration. The Committee's main tasks are to: (a) report on the improvements and administrative reforms that can be made, (b) to suggest alternative policies in order to bring about efficiency in administration, and (c) to suggest whether the proposed expenditure is within the limits of government policy.

Earlier, this Committee carried out the task of examining proposed estimates of expenditure by various ministries. Since 1993, the Departmentally Related Standing Committees have taken over this function leaving the Estimates Committee to largely examine the working of certain government organisations.

Estimates Committee 29th Report on Preparedness of Armed Forces - Defence Production and Procurement

The Committee made the following observations and recommendations: (i) adequate financial resources for defence preparedness should be allocated, as defence expenditure in 2016-17 was lowest since 1962 at 1.6% of GDP, (ii) share of capital procurement budget in the defence budget has been continuously declining leading to an adverse impact on the modernisation process of armed forces, and (iii) urgent requirement to replace the obsolete armaments with state of the art weapon systems for which substantial increase in capital budget is essential.

Understanding Government Finances

Understanding government finances

As part of the budget, the Finance Minister presents the Annual Financial Statement of the government for the forthcoming year. The statement consists of estimates of the money the government expects to spend on various ministries, and how much money will be raised from different sources such as levy of taxes and dividends from public enterprises. The budget also provides an estimate of the borrowing requirements of the government and its overall debt. In addition, the statement also gives an account of how much money the government raised or spent in the previous year, in comparison to the estimates it had given to Parliament.

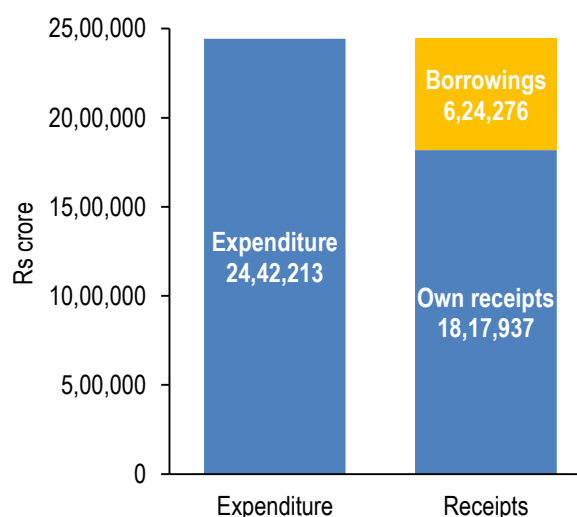
This section explains the central government's finances with the intent of providing a simple understanding of the key concepts and terms involved.

How does the government finance its expenditure?

Government receipts indicate the resources available to the government to finance its expenditure. These are primarily of two types: (i) government's own receipts, and (ii) borrowings.

The government earns money through taxes, fees and fines collected by its various departments, share in profits of public enterprises, and sale of public assets, among other sources. Borrowings are required in case there is a shortfall in the government's own receipts as compared to its spending requirements.

Figure 5: Borrowings fund 26% of the government's expenditure (2018-19)

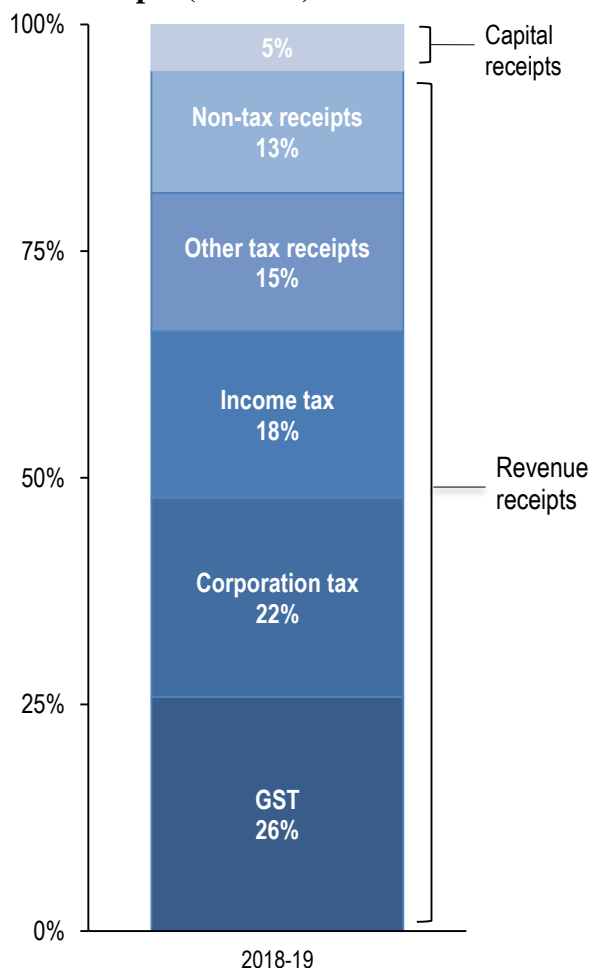


Government receipts may be broadly categorised under revenue and capital receipts. **Revenue receipts** of the government comprise tax receipts and non-tax receipts.

Tax receipts is the larger component in this category, contributing 81% of the government's own receipts. Taxes such as the Goods and Services Tax (GST), corporation tax and income tax generate most of the government's receipts, contributing 26%, 22% and 18% of these receipts, respectively (as per the 2018-19 budget).

The government also earns receipts from sources other than taxes. Such non-tax receipts include fees and fines, dividends from public enterprises, royalties from petroleum production, and sale of licenses. Receipts from non-tax sources contribute to 13% of the government's receipts (as per the 2018-19 budget).

Figure 6: Breakup of the government's own receipts (2018-19)



Some receipts change the government's assets or liabilities. For example, borrowings taken by the government increase its liabilities, whereas receipts from sale of public assets (also known as disinvestment) decreases the government's assets. Such receipts are called **capital receipts**. Capital receipts (other than borrowings) contribute 5% of the government's receipts (as per the 2018-19 budget).

Over the years, disinvestment receipts have been the major part of these capital receipts. For instance, the disinvestment receipts were 87% of these receipts (as per the 2018-19 budget).

Transfer to states

The central government collects money by levying certain taxes across the country. These include income tax, corporation tax, central GST and union excise. This money is divided between the centre and the states based on criteria recommended by the Finance Commission. The Finance Commission is a constitutional body formed every five years by the President of India to give recommendations on distribution of tax receipts between the centre and the states.

The 14th Finance Commission (constituted for the 2015-20 period) recommended that 42% of the tax receipts of the central government be given to the states. This implies that 42% of the money raised through such taxes is distributed among the states. The central government gets the remaining 58%.

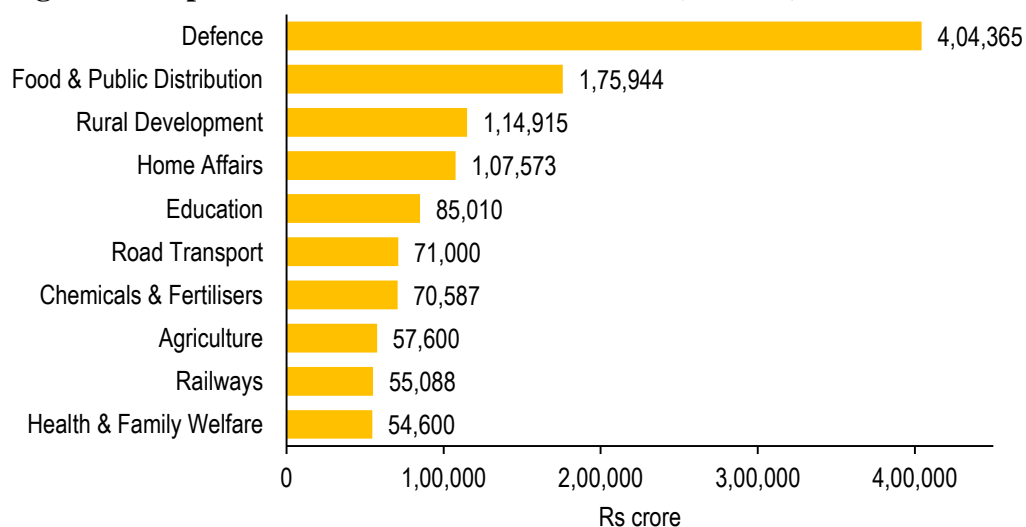
However, certain tax components such as cess and surcharges are not shared with the states. For example, the money earned from levy of the health and education cess (levied with income tax) is not transferred by the central government to states. The entire money is accounted as receipts of the central government.

In November 2017, the 15th Finance Commission (Chair: Mr. N. K. Singh) was constituted to give recommendations for the 2020-25 period. The Commission is required to submit its report by October 30, 2019.

How does the government spend its money?

The government spends its money on items such as the defence forces, implementing its schemes and programmes, providing subsidies, paying interest on the loans it has taken, and administrative expenses including salaries and pension.

Figure 7: Expenditure across various ministries (2018-19)



A large part of government spending (24% as per the 2018-19 budget) goes towards paying interest on the funds that it has borrowed over the years. These interest payments are a form of committed expenditure which the government is obligated to undertake.

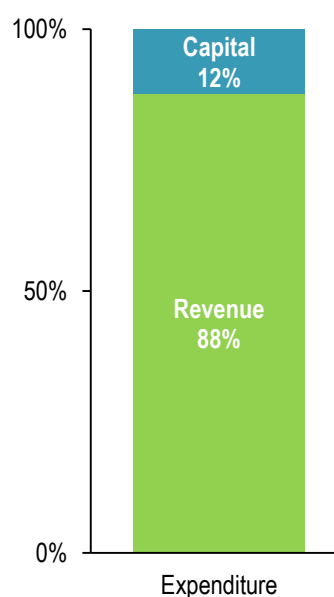
In addition to this, a part of the government's spending also goes towards providing subsidies (12%) and pension (7%). These two components, along with interest payments, incur an expenditure equivalent to 43% of the government's budget (2018-19). Expenditure made on these items comes under **revenue expenditure**, which also consists of other components such as expenses on administration and payment of salaries.

The balance is **capital expenditure**, which goes towards creating assets or reducing liabilities. This would include expenditure on creating infrastructure, such as roads, hospitals, and schools, and repayment of borrowings.

Sectors, such as defence, agriculture or transport, may have both *revenue* and *capital* components in their expenditure. For example, in education, spending money on construction of a school building is a capital expenditure since it leads to the creation of an asset.

Whereas, money spent on regular expenditure items such as payment of salaries of school teachers is classified as revenue expenditure.

Figure 8: Breakup of the government's expenditure (2018-19)



What happens if total spending is more than total receipts?

When the spending planned by the government is more than its receipts, the government finances this gap through borrowings. This gap is known as **fiscal deficit** and equals the borrowings required to be made for that year. A fiscal surplus arises if receipts is more than expenditure.

Fiscal deficit in some years has exceeded the estimates made by the government in the budget. A higher fiscal deficit leads to an increase in the borrowing requirements of the government. As a result, the government has to incur additional expenditure in the form of interest payments on these borrowings. As discussed earlier, a large part of the money spent by the government goes towards paying interest on such borrowings (24% of the expenditure as per the 2018-19 budget).

Revenue deficit occurs when revenue expenditure exceeds revenue receipts. Revenue deficit in a year indicates the borrowings made in that year for the government to meet its revenue expenditure such as administrative expenses, or payment of salaries or interest. These borrowings would not contribute towards creation of assets.

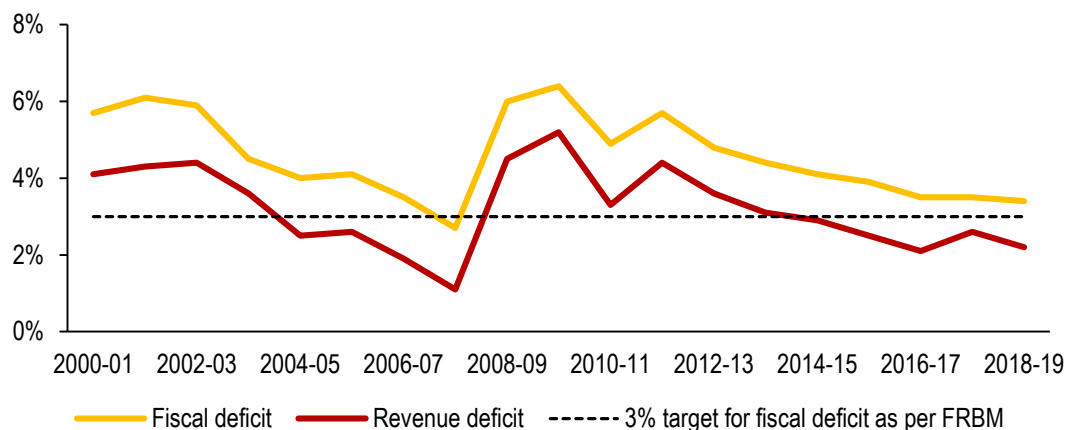
Fiscal targets in the FRBM Act, 2003

The Fiscal Responsibility and Budget Management (FRBM) Act, 2003 requires the central government to reduce its fiscal deficit to 3% of GDP. The initial deadline to achieve this target was 2007-08 which has been extended multiple times over the years.

Recently, the Finance Act, 2018 extended the deadline for achieving this target from 2017-18 to 2020-21. It also removed the provision which required the central government to limit its revenue deficit to 2% of GDP.

In 2018-19, the gap between the receipts and spending of the government (fiscal deficit) was estimated at 3.4% of GDP. This implies that the government needs to borrow funds equivalent of 3.4% of GDP to meet its spending targets. Of this, borrowings worth 2.2% of GDP were estimated to go towards revenue deficit.

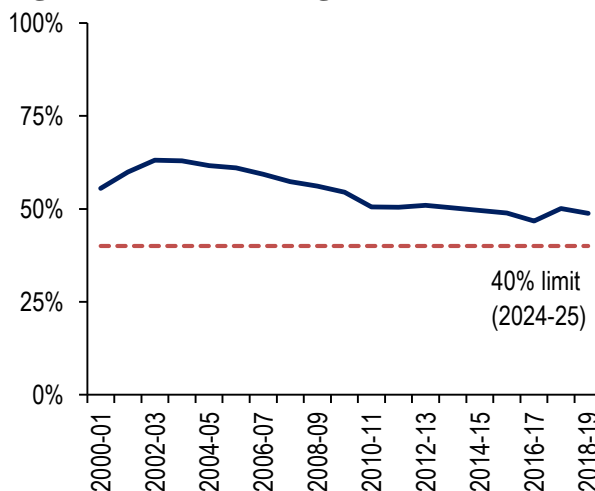
Figure 9: Fiscal deficit and revenue deficit as a percentage of GDP



Outstanding debt

Over the years, borrowings taken by the government to bridge the gap between its receipts and expenditure (fiscal deficit) adds to its outstanding stock of debt. Outstanding debt of the central government at the end of the year 2018-19 is estimated to be at 48.8% of GDP (2018-19 budget).

Figure 10: Outstanding debt as a % of GDP



This is the amount borrowed by subsequent governments over the years and currently payable at the end of the year 2018-19. Outstanding debt increases when more borrowings are made, or decreases when repayments are made by the government for these borrowings.

The FRBM Act specifies that the outstanding debt of the general government (centre and states combined) be brought down to 60% of GDP by 2024-25. This includes a target of 40% of GDP for the outstanding debt of the central government.

A higher debt indicates a higher obligation for the government to repay loans. It also leads to higher interest outgo, as interest has to be paid on all outstanding debt.

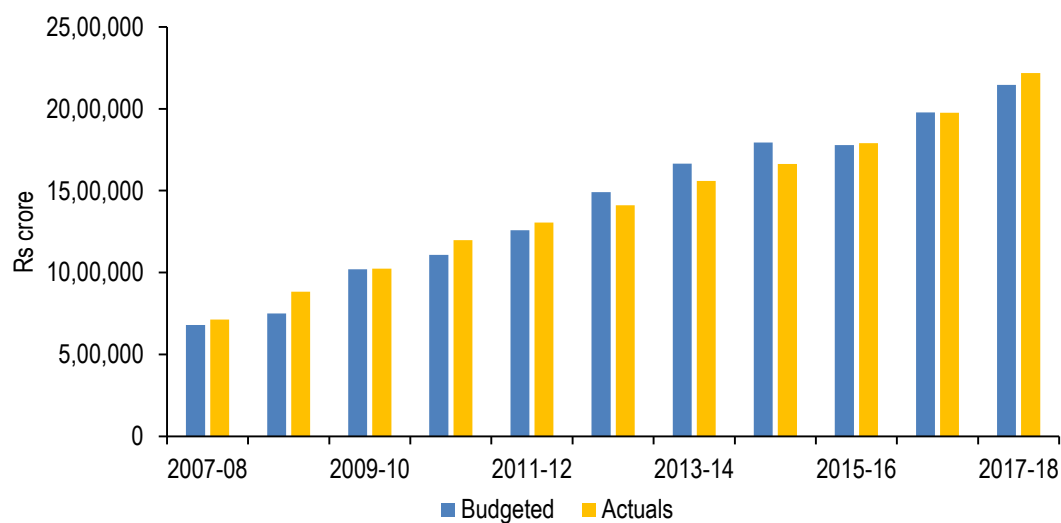
Do budget estimates match actual spending by the government?

In the budget, the government presents its estimates for the upcoming financial year. Once the year ends, the actual numbers are audited by the CAG, post which they are presented to Parliament with the upcoming budget, i.e., two years after the estimates are made.

Some of the estimates made by the government might change during the course of the year, which gets reflected in the actual figures. For instance, once the year gets underway, some ministries may need more funds than what was actually allocated to them in the budget, or the receipts expected from certain sources might change.

The figure below compares the total expenditure of the government with the budgeted estimates made during the period 2007-08 to 2017-18. While in some years (such as 2012-13 and 2014-15) the government spent less than what it had estimated, in some others (such as 2011-12 and 2017-18), it ended up spending more than what it had budgeted for.

Figure 11: Expenditure of the government (budgeted vs actuals)



Overview of Budget Documents

How are the budget documents organised?

This section describes the budget documents that are presented in Parliament and what information is provided in them. It also helps the reader navigate the documents to find the exact information he may be looking for. While there are as many as 14 separate documents, they can be classified into four broad categories (see Table 1 on the next page).

Summary Documents: These documents summarise the main provisions in the Budget, either in terms of the main policy announcements, tax proposals, aggregate number for government receipts and expenditure. As these are summary documents, they will not answer specific questions related to allocation for a particular item within a ministry or a program.

Expenditure Documents: These documents present detailed information on the expenditures of the government. Details are provided by sectors, ministries, and schemes.

Receipts Documents: These documents present detailed information on the money raised by the government by way of tax receipts, non-tax receipts, capital receipts and borrowings.

FRBM Documents: These documents are presented under the provisions of the Fiscal Responsibility and Budget Management Act, 2003 (FRBM). Under this Act, the government is required to follow sound fiscal policies and must set limits on the size of the budget deficits.

Along with the budget documents, the government tables a document called the ***Implementation of Budget Announcements***. It contains details on the progress achieved on budget announcements made across different sectors in the previous financial year.

Table 1: Union Budget documents

Category	Documents in this category
Summary Documents	Budget Speech: Highlights the main expenditure and tax proposals.
	Budget at a Glance: Provides a brief overview on total funds raised by the government (through taxes or borrowing), how that money is to be spent and budget deficit/surplus.
	Annual Financial Statement: Similar to 'Budget at a Glance' but organised in a different way to reflect requirements under Article 112 of the Constitution.
Expenditure Documents	Expenditure Profile: Presents a summary of the total expenditure of all ministries. Also presents expenditure according to different categories of interest i.e., summary of funds allocated to schemes for women or minorities.
	Expenditure Budget: Presents a detailed breakdown of the expenditure of each ministry.
	Demands for Grants / Appropriation Bill: Two documents required under the Constitution, asking Parliament to allocate the stated amount of funds to different ministries and schemes. Parliament votes to pass these two documents.
Receipts Documents	Receipts Budget: Presents detailed information on how the government intends to raise money through different sources.
	Finance Bill: A Bill presented to Parliament (and to be voted on) containing the various legal amendments to bring into effect the tax changes proposed by the government.
	Memorandum on the Finance Bill: Explains the various legal provisions contained in the Finance Bill and their implications in simple language.
FRBM Documents	Macro-Economic Framework: Explains the government's assessment of the growth prospects of the economy.
	Medium-Term Fiscal Policy: A statement setting limits on the size of the budget deficits for the next three years, as well as targets for tax and non-tax receipts.
	Fiscal Policy Strategy: A statement explaining the government's efforts to follow sound fiscal policies and reasons for any departure from the targets set by it for deficits under the FRBM Act (see Medium Term Fiscal Policy above).

As mentioned in the table, certain documents are required to be presented to Parliament (and in some cases, voted on) under the provisions of the Constitution or under the FRBM Act. These include the Annual Financial Statement, Finance Bill, Demands for Grants, Appropriation and the FRBM Documents.

How to find the information I want?

This section illustrates how to find information on key parameters in the budget documents with the help of a few examples. The budget documents are available on the website *indiabudget.gov.in*.

What are ‘budget estimates’, ‘revised estimates’ and ‘actuals’?

In budget documents, you’ll find numbers given across four columns.

	(₹ करोड़) (In ₹ crore)			
	2016-2017 वास्तविक Actuals	2017-2018 बजट अनुमान Budget Estimates	2017-2018 संशोधित अनुमान Revised Estimates	2018-2019 बजट अनुमान Budget Estimates
Revenue Receipts	1374203	1515771	1505428	1725738
2. Tax Revenue (Net to Centre)	1101372	1227014	1269454	1480649
3. Non-Tax Revenue	272831	288757	235974	245089

The *budget estimate* for any head indicates the amount estimated by the government for the next year. For instance, the budget presented in February 2018 showed the budget estimates for various heads for the financial year 2018-19.

Once the financial year gets underway, some ministries may need more funds than what was actually allocated to them under the *budget estimates*, or the receipts expected from certain sources might change. Thus, along with the budget estimates for 2018-19, the government presents *revised estimates* for 2017-18 after incorporating such revisions. These revisions could be on account of an increase or decrease in the expenditure required for existing programmes, introduction of new programmes, or changes in collection of receipts.

Actuals denotes the final audited amount at the end of the year and may exceed or fall short of the estimates. Since the actual figures can only be audited after the financial year is over and final accounts have been prepared, *actuals* presented in the budget is for the previous year. For instance, the 2018-19 budget showed the *actuals* for the year 2016-17.

Where in the budget documents do I find the total expenditure, total receipts, fiscal deficit and other 'big' numbers?

Use Budget at a Glance. The table on the first page of 'Budget at a Glance' summarises the entire budget in one table.

The Budget at a Glance presents broad numbers of the budget in a reader-friendly document. This document shows the major components of receipts and expenditure of the central government. It also shows the deficits of the government such as fiscal deficit, revenue deficit, and primary deficit.

बजट का सार Budget at a Glance

(₹ करोड़) (In ₹ crore)

		2016-2017 वास्तविक Actuals	2017-2018 बजट अनुमान Budget Estimates	2017-2018 संशोधित अनुमान Revised Estimates	2018-2019 बजट अनुमान Budget Estimates	
1. राजस्व प्राप्तियां	1. Revenue Receipts	1374203	1515771	1505428	1725738	
2. कर राजस्व (केन्द्र को निवल)	2. Tax Revenue (Net to Centre)	1101372	1227014	1269454	1480649	Tax receipts estimated for 2018-19
3. कर-भिन्न राजस्व	3. Non-Tax Revenue	272831	288757	235974	245089	
4. पूंजी प्राप्तियां ¹	4. Capital Receipts ¹	600991	630964	712322	716475	
5. ऋणों की वसूली	5. Recovery of Loans	17630	11933	17473	12199	
6. अन्य प्राप्तियां	6. Other Receipts	47743	72500	100000	80000	
7. उधार और अन्य देयताएं ²	7. Borrowings and Other Liabilities ²	535618	546531	594849	624276	
8. कुल प्राप्तियां (1+4)	8. Total Receipts (1+4)	1975194	2146735	2217750	2442213	Total expenditure estimated for 2018-19
9. कुल व्यय (10+13)	9. Total Expenditure (10+13)	1975194	2146735	2217750	2442213	
10. राजस्व खाते पर जिसमें से	10. On Revenue Account of which	1690584	1836934	1944305	2141772	
11. ब्याज भुगतान	11. Interest Payments	480714	523078	530843	575795	
12. पूंजी परिसंपत्तियों के सृजन हेतु सहायता अनुदान	12. Grants in Aid for creation of capital assets	165733	195350	189245	195345	
13. पूंजी खाते पर	13. On Capital Account	284610	309801	273445	300441	
14. राजस्व घाटा (10-1)	14. Revenue Deficit (10-1)	316381 (2.1)	321163 (1.9)	438877 (2.6)	416034 (2.2)	
15. प्रभावी राजस्व घाटा (14-12)	15. Effective Revenue Deficit (14-12)	150648 (1.0)	125813 (0.7)	249632 (1.5)	220689 (1.2)	
16. राजकोषीय घाटा [9-(1+5+6)]	16. Fiscal Deficit [9-(1+5+6)]	535618 (3.5)	546531 (3.2)	594849 (3.5)	624276 (3.3)	Fiscal deficit estimated for 2018-19; in crore and as a % of GDP
17. प्राथमिक घाटा (16-11)	17. Primary Deficit (16-11)	54904 (0.4)	23453 (0.1)	64006 (0.4)	48481 (0.3)	

Which are the taxes that yield the most receipts to the government?

Use Budget at a Glance (Receipts). The document provides broad information on how the government intends to raise money through different sources.

From the figure below, we can see that the government has estimated to raise a large part of its tax receipts from GST (Rs 7,43,900 crore in 2018-19). We can also notice that Corporation Tax (Rs 6,21,000 crore in 2018-19) and Income Tax (Rs 5,29,000 crore in 2018-19) are major sources of receipts for the government as well.

प्राप्तियां Receipts

		(₹ करोड़) (In ₹ crore)			
		2016-2017	2017-18	2017-2018	2018-2019
		वास्तविक	बजट	संशोधित	बजट
		Actuals	अनुमान	अनुमान	अनुमान
			Budget	Revised	Budget
			Estimates	Estimates	Estimates
राजस्व प्राप्तियां	REVENUE RECEIPTS				
1. कर राजस्व	1. Tax Revenue				
सकल कर-राजस्व	Gross Tax Revenue	1715822	1911579	1946119	2271242
क. निगम कर	a. Corporation Tax	484924	538745	563745	621000
ख. आय पर कर	b. Taxes on Income	364604	441255	441255	529000
ग. धन कर	c. Wealth Tax	185	...	...	...
घ. सीमा शुल्क	d. Customs	225370	245000	135242	112500
ङ. केन्द्रीय उत्पाद शुल्क	e. Union Excise Duties	382094	406900	276995	259600
च. सेवा कर	f. Service Tax	254499	275000	79507	...
छ. जीएसटी	g. GST	...	...	444631	743900
- केंद्रीय जीएसटी	- CGST	...	...	221400	603900
- आइजीएसटी	- IGST	...	...	161900	50000
- जीएसटी क्षतिपूर्ति उपकर	- GST Compensation Cess	...	...	61331	90000
ज. संघ राज्य क्षेत्रों पर कर	h. Taxes on Union Territories	4146	4679	4744	5242
घटाइए -राष्ट्रीय आपदा आकस्मिकता निधि/राष्ट्रीय आपदा अनुक्रिया निधि को अंतरित एनसीसीडी	Less - NCCD transferred to the NCCF/NDRF	6450	10000	3660	2500
घटाइए-राज्यों का हिस्सा	Less - State's share	608000	674565	673005	788093
1क केंद्र का निवल कर राजस्व	1a Centre's Net Tax Revenue	1101372	1227014	1269454	1480649

Corporation tax receipts (2018-19)

Income tax receipts (2018-19)

GST receipts (2018-19)

Where can I find the government's expenditure on subsidies and pension?

Use Budget at a Glance (Expenditure). The table on 'Expenditure of Major Items' in the document provides details on the various items on which the government is spending money.

The government subsidises the price of diesel and petrol, fertiliser sold to farmers, and food given under the Public Distribution System. Data on the allocation to these subsidies can be found in this document. For instance, Rs 1,69,323 crore has been allocated towards food subsidy in 2018-19. In addition, this document also gives the total expenditure on pension (Rs 1,68,466 crore in 2018-19) across different ministries.

प्रमुख मदों का व्यय Expenditure of Major Items

(₹ करोड़) (In ₹ crore)

		2016-2017	2017-2018	2017-2018	2018-2019
		वास्तविक	बजट	संशोधित	बजट
		Actuals	अनुमान Budget Estimates	अनुमान Revised Estimates	अनुमान Budget Estimates
पेंशन	Pension	131401	131201	147387	168466
रक्षा	Defence	251781	262390	267108	282733
सब्सिडी -	Subsidy				
उर्वरक	- Fertiliser	66313	70000	64974	70080
खाद्य	- Food	110173	145339	140282	169323
पेट्रोलियम	- Petroleum	27539	25000	24460	24933
कृषि और संबद्ध कार्यकलाप	Agriculture and Allied Activities	50184	56992	56589	63836
वाणिज्य और उद्योग	Commerce and Industry	21364	24660	26310	27956
पूर्वोत्तर का विकास	Development of North East	2496	2682	2682	3000
शिक्षा	Education	72016	79686	81869	85010
ऊर्जा	Energy	30964	36718	41682	41104
विदेश मामले	External Affairs	12753	14798	13690	15012
वित्त	Finance	41549	29533	29449	20342
स्वास्थ्य	Health	39005	48878	53198	54667
गृह	Home Affairs	78360	83830	88143	93450
ब्याज	Interest	480714	523078	530843	575795
आईटी और दूरसंचार	IT and Telecom	17985	20787	17802	22380
अन्य	Others	63667	67722	69515	72845
योजना और सांख्यिकी	Planning and Statistics	4494	5049	5063	5199
ग्रामीण विकास	Rural Development	113877	128560	135604	138097
वैज्ञानिक विभाग	Scientific Departments	19493	22299	22370	24906
सामाजिक कल्याण	Social Welfare	31812	39383	38624	44220
कर प्रशासन *	Tax Administration *	22146	12699	77747	105541

Allocation for pension (2018-19)

Allocation for major subsidies (2018-19)

How can we find the funds allocated to different heads in a given ministry or department?

Use Expenditure Budget. It gives detailed allocations to different departments and ministries. We take the example of the Department of Agriculture, Cooperation, and Farmer’s Welfare. In the figure below, you can see the total allocation of the given department as well as detailed estimates for different schemes and programmes under it.

MINISTRY OF AGRICULTURE AND FARMERS' WELFARE
DEMAND NO. 1
Department of Agriculture, Cooperation and Farmers' Welfare

(In ₹ crores)

	Actual 2017-2018			Budget 2018-2019			Revised 2018-2019			Budget 2019-2020		
	Revenue	Capital	Total	Revenue	Capital	Total	Revenue	Capital	Total	Revenue	Capital	Total
Gross	46437.80	17.36	46455.16	46586.30	113.70	46700.00	67764.98	35.02	67800.00	129550.51	34.70	129585.21
Recoveries	-9058.44	...	-9058.44	...	...	...	...	...	...	...	...	...
Receipts	...	...	...	...	...	...	...	...	...	...	...	...
Net	37379.36	17.36	37396.72	46586.30	113.70	46700.00	67764.98	35.02	67800.00	129550.51	34.70	129585.21
A. The Budget allocations, net of recoveries, are given below:												
CENTRE'S EXPENDITURE												
Establishment Expenditure of the Centre												
1. Secretariat												
1.01 Secretariat	116.87	...	116.87	134.00	...	134.00	138.61	...	138.61	145.89	...	145.89
1.02 International Cooperation	32.59	...	32.59	32.43	...	32.43	32.06	...	32.06	32.56	...	32.56
1.03 Other Attached and Subordinate Offices	309.46	1.82	311.28	403.52	...	403.52	350.93	...	350.93	376.44	...	376.44
Total- Secretariat	458.92	1.82	460.74	569.95	...	569.95	521.60	...	521.60	554.89	...	554.89
Central Sector Schemes/Projects												
2. Crop Insurance Scheme												
2.01 Pradhan Mantri Fasal Bima Yojana	9419.22	...	9419.22	13000.00	...	13000.00	12975.70	...	12975.70	14000.00	...	14000.00
2.02 Transfer of Krishi Kalyan Cess to Krishi Kalyan Kosh	8916.39	...	8916.39	...	...	...	...	...	...	...	...	...
2.03 Met from Krishi Kalyan Kosh	-8916.39	...	-8916.39	...	...	...	...	...	...	...	...	...
Net	9419.22	...	9419.22	13000.00	...	13000.00	12975.70	...	12975.70	14000.00	...	14000.00
3. Interest Subsidy for Short Term Credit to Farmers												
3.01 Interest Subsidy for Short Term Credit to	13045.72	...	13045.72	15000.00	...	15000.00	14987.00	...	14987.00	18000.00	...	18000.00

Allocation for Dept. of Agriculture in 2018-19

Allocation for Pradhan Mantri Fasal Bima Yojana (2018-19)

How can we find information on funds allocated to a given scheme?

Use Expenditure Profile. Go to the page for Centrally Sponsored Schemes. You should see a table which looks like the one below. This document presents a glossary of all centrally sponsored schemes (schemes that are implemented by state governments but are largely funded by the central government with a defined state share) in one table.

STATEMENT 4A

CENTRALLY SPONSORED SCHEMES

(In ₹ crores)

MINISTRY/DEPARTMENT	Actuals 2017-2018			Budget Estimates 2018-2019			Revised Estimates 2018-2019			Budget Estimates 2019-2020		
	Revenue	Capital	Total	Revenue	Capital	Total	Revenue	Capital	Total	Revenue	Capital	Total
(A) Core of the Core Schemes	77573.36	443.22	78016.58	77283.33	407.42	77690.75	84361.69	0.01	84361.70	81183.06	0.01	81183.07
1. National Social Assistance Program	8694.22	...	8694.22	9975.00	...	9975.00	8900.39	...	8900.39	9200.00	...	9200.00
2. Mahatma Gandhi National Rural Employment Guarantee Program	55166.04	...	55166.04	55000.00	...	55000.00	61084.09	...	61084.09	60000.00	...	60000.00
3. Umbrella Scheme for Development of Schedule Castes	4877.87	183.22	5061.09	4875.18	307.40	5182.58	7609.18	...	7609.18	5394.59	...	5394.59
4. Umbrella Programme for Development of Scheduled Tribes	3573.14	...	3573.14	3806.02	...	3806.02	3778.00	...	3778.00	3810.02	...	3810.02
5. Umbrella Programme for Development of Minorities	3778.22	170.00	3948.22	1439.98	0.02	1440.00	1439.98	0.01	1439.99	1551.35	0.01	1551.36
6. Umbrella Programme for Development of Other Vulnerable Groups	1483.87	90.00	1573.87	2187.15	100.00	2287.15	1550.05	...	1550.05	1227.10	...	1227.10
(B) Core Schemes	208120.19	60.13	208180.32	227450.64	375.73	227826.37	220335.16	152.51	220487.67	246396.55	99.81	246496.36
7. Green Revolution	11041.20	15.54	11056.74	13795.22	113.70	13908.92	11767.24	35.02	11802.26	12577.30	34.70	12612.00
8. White Revolution	1573.81	...	1573.81	2219.89	...	2219.89	2430.92	...	2430.92	2140.00	...	2140.00
9. Blue Revolution	321.45	...	321.45	642.61	...	642.61	501.00	...	501.00	560.00	...	560.00
10. Pradhan Mantri Krishi Sinchal Yojna	6612.10	0.71	6612.81	9427.42	1.63	9429.05	8249.80	1.63	8251.43	9514.43	1.50	9515.93
11. Pradhan Mantri Gram Sadak Yojna	16862.12	...	16862.12	19000.00	...	19000.00	15500.00	...	15500.00	19000.00	...	19000.00
12. Pradhan Mantri Awas Yojna (PMAY)	31163.60	...	31163.60	27505.00	...	27505.00	26405.01	...	26405.01	25853.26	...	25853.26
13. National Rural Drinking Water Mission	7037.96	...	7037.96	7000.00	...	7000.00	5500.00	...	5500.00	8200.66	...	8200.66
14. Swachh Bharat Mission	19427.02	...	19427.02	17843.10	...	17843.10	16978.03	...	16978.03	12750.00	...	12750.00

Allocation for NREGA (2018-19)

60000.00

Allocation for Swachh Bharat Mission (2018-19)

12750.00

Glossary of key terms

Receipts indicate the money received by the government. This includes: (i) the money earned by the government, and (ii) the money it receives in the form of borrowings or repayment of loans by states.

Capital receipts indicate the receipts which lead to a decrease in assets or increase in liabilities of the government. It consists of: (i) the money earned by selling assets such as shares of public enterprises, and (ii) the money received in the form of borrowings or repayment of loans by states.

Revenue receipts are receipts which do not have a direct impact on the assets and liabilities of the government. This consists of the money earned by the government through tax and non-tax sources (such as dividend income).

Capital expenditure is used to create assets or to reduce liabilities. It consists of: (i) the money spent by the government on creating assets such as roads and hospitals, and (ii) the money given by the government in the form of loans to states or repayment of its borrowings.

Revenue expenditure is the expenditure by the government which does not impact its assets or liabilities. For example, this includes salaries, interest payments, pension, and administrative expenses.

Net borrowings means the net amount of money borrowed by the government during a year. This equals the total borrowings made in the year minus the repayments made by the government against its existing borrowings.

Outstanding debt is the stock of money borrowed by subsequent governments over the years which the government currently owes. The figure for a financial year indicates the government's outstanding debt at the end of the year.

Fiscal deficit is the gap between the government's expenditure requirements and its receipts. This equals the money the government needs to borrow during the year. A surplus arises if receipts are more than expenditure.

Revenue deficit is the gap between the revenue components of receipts and expenditure, i.e. revenue disbursements and revenue receipts. This indicates the money the government needs to borrow to spend on non-capital components (which do not lead to creation of assets).

Effective revenue deficit is the difference between revenue deficit and the grants given by the government to states, local bodies or implementing agencies for creation of assets.

Primary deficit equals fiscal deficit minus interest payments. This indicates the gap between the government's expenditure requirements and its receipts, not taking into the account the expenditure incurred on interest payments on loans taken during the previous years.

Consolidated Fund of India is the Fund or account into which all government's receipts are credited, and which it uses for financing its expenditure.

Charged expenditure includes expenditure which is not required to be voted on by Parliament and is charged directly from the Consolidated Fund. Such expenditure can still be discussed in Parliament. Examples include interest payments, and salaries and allowances of the President and judges of the Supreme Court.

Voted expenditure consists of all expenditure other than charged expenditure. Such expenditure is required to be voted upon by Parliament in the form of Demands for Grants.

Finance Bill is introduced with the budget and consists of the government's financial proposals for the upcoming year.

Appropriation Bill authorises the government to withdraw money from the Consolidated Fund. It is introduced and voted on after the Demands for Grants are passed.

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