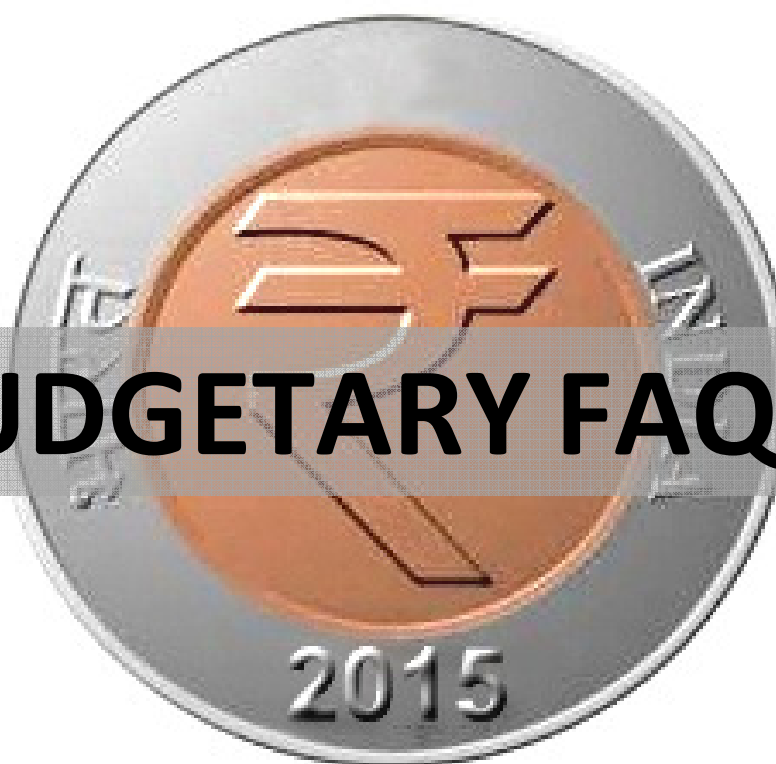


MINISTRY
OF
FINANCE

BUDGETARY FAQs



MINISTRY OF INFORMATION & BROADCASTING

BUDGETARY FAQs

1. WHAT IS THE BUDGET?

A Government budget is a legal document that is:

- Passed by the legislature.
- Approved by the President.

It is an annual financial statement of estimated receipts and expenditures of the Government of India in respect of each financial year.

2. WHAT ARE THE DIFFERENT TYPES OF BUDGET PRESENTED?

The Union Budget is presented to the Parliament in two parts:

- a. Railway Budget pertaining to "Railway Finance".
- b. General Budget, which gives an overall picture of financial position of the Government of India. It includes the effect of "Railway Budget".

3. WHY DO WE NEED A BUDGET?

Government Budget is designed for optimal allocation of scarce resources.

The main objective of Government financial management is to determine how adequately the financial and resource management responsibilities have been discharged.

It requires the broad objectives of the Government to be broken down into detailed work plans for each programme and sub-programme, activities and projects for each unit of the Government organization.

4. HOW IS THE BUDGET PREPARED IN INDIA?

Budget preparation in India is a calculative process between the Ministry of Finance and the spending Ministries.

It is a combination of:

- a. Top down approach with the Ministry of Finance issuing guidelines or communicating instructions to spending Ministries, and
- b. A bottom-up approach, wherein the spending Ministries plan and present requests for budget allocation.

5. WHAT ARE THE COMPONENTS OF THE BUDGET?

Article 112 of the Constitution of India stipulates that Government should lay before the Parliament an Annual Financial Statement popularly referred to as 'Budget'.

The Union Budget presented to the Parliament, besides the Finance Minister's Budget speech, consists of the following 14 documents:

1. Annual Financial Statement
2. Demands for Grants
3. Receipts Budget
4. Expenditure Budget Volume 1
5. Expenditure Budget Volume 2
6. Finance Bill
7. Appropriation Bill
8. Memorandum explaining the provisions in the Finance Bill
9. Budget at a Glance
10. Highlights of the Budget
11. Macro-economic policy framework for the relevant financial year
12. Fiscal Policy Strategy Statement for the Financial year
13. Medium term Fiscal Policy Statement
14. Medium term Expenditure Framework Statement

Other Budget related documents are:

- Detailed Demand for Grants
- Economic Survey
- Status of implementation of provisions in Finance Minister's previous Budget speech

6. WHAT IS THE PROCEDURE FOR APPROVAL OF UNION BUDGET BY THE PARLIAMENT?

The Budget process has the following procedures:

- Before presentation of the Budget, President's recommendation is obtained under Article 117(1) and 117(3) for introduction and consideration in the Lok Sabha.
- After President's recommendation, Budget is then laid before the Lok Sabha by the Finance Minister with the "Budget speech". It is not discussed in the Lok Sabha on that day.
- It is then laid before the Rajya Sabha, which can discuss it, but cannot vote on the demands for grants.

- The Discussion on Budget in the Parliament is conducted in two stages - General Discussion and Detailed Discussion.
- After general discussion on the budget is over, Parliament is adjourned for a period during which the 24 Departmental Standing Committees examine and discuss the demands for grants of concerned ministries and prepare reports on them.
- Following discussions, there is voting on demands for grants.
- After the demands for grants have been passed by the House, a Bill to provide for appropriation out of the Consolidated Fund of India of all moneys required to meet the grants and the expenditures charged on the Consolidated Fund of India is introduced, considered and passed by the House.
- The introduction of such Bill cannot be opposed. The scope of discussion is limited to matters of public importance or administrative policy implied in the grants covered by the Bill and which have not already been raised during the discussion on demands for grants.
- The Finance Bill, containing provisions for giving effect to financial proposals of government is introduced immediately after the presentation of the Budget. The introduction of the Bill cannot be opposed. This completes the budgetary process.
- As the whole process of Budget generally goes beyond the current financial year, a provision has been made in the Constitution empowering the Lok Sabha to make any grant in advance through a vote on account. This is to enable the Government to continue functioning till the demands for grants, the Appropriation Bill and the Finance Bill are passed.

7. WHEN IS BUDGET PRESENTED IN THE LOK SABHA?

According to Article 204(1) of Rules of Procedure and Conduct of Business in the Lok Sabha, the Budget is presented on the day as fixed by the President of India.

Usually it is presented at 11 am on the last working day of February about a month before the commencement of financial year.

8. WHY WAS THE BUDGETARY PROCESS UNDERTAKEN TWICE IN 2014?

In an election year, the Budgets may be presented twice—first to secure a Vote on Account for a few months and later in full.

9. WHAT ARE THE LEGAL PROVISIONS UNDERLYING THE BUDGETARY PROCESS?

The procedure for presentation of the Budget in and its passing by the Lok Sabha is laid down in:

- Articles 112–117 of the Constitution of India
- Rules 204–221 and 331-E of the Rules of Procedure and Conduct of Business in the Lok Sabha
- Direction 19-B of Directions by the Speaker.

10. HOW LONG DOES THE BUDGET CYCLE LAST?

The Budget cycle lasts 11 months, from April to March of the next year.

11. WHAT IS BUDGET CIRCULAR?

The Budget Circular is issued in the month of September during the budget cycle. It marks the beginning of the Budget process.

It guides Ministries and Departments for preparing:

- Revised Estimates for the past year
- Budget Estimates for the coming year

12. WHAT IS PLAN AND NON-PLAN EXPENDITURE?

Plan expenditure is associated with productive expenditure, which increases the productive capacity of the economy.

Non-plan revenue expenditure is accounted for by interest payments, subsidies (mainly on food and fertilisers), wage and salary payments to government employees, grants to States and Union Territories governments, pensions, police, economic services in various sectors, other general services such as tax collection, social services, and grants to foreign governments.

Non-plan capital expenditure mainly includes defence expenditure, loans to public enterprises and loans to States, Union Territories and foreign governments.

13. WHAT IS BUDGET SPEECH?

The Finance Minister presents Budget in the Parliament along with the Budget Speech. For the preparation of Budget Speech various Departments/Ministries of the Government provide the information required. For checking facts and figures in the Finance Minister's speech in so far as they are referred to in the other budget documents, the same is done by the Budget Division.

14. WHAT ARE THE ACCOUNTABILITY CHECKS ON EXECUTIVE?

Accountability is enforced through the following mechanisms -

- Vote on Budget by the Lok Sabha.
- Through various **Cut Motions like Policy Cut, Economy Cut and Token Cut.**
- Through **Public Accounts Committee, Estimates Committee, Committee on Public Undertakings:** These three Financial Committees keep an un-remitting vigil over Government spending and performance and bring to light inefficiencies, waste and indiscretion in the implementation of programmes and policies approved by Parliament.
- Close scrutiny by **Departmental Standing Committees:** They are responsible for the administration and scrutiny of budgetary proposals and Bills of Ministries/Departments.
- Post Budget auditing by the **Comptroller and Auditor General of India.**

15. WHAT ARE THE CATEGORIES OF GOVERNMENT ACCOUNT?

The Government account is categorised into the following -

- Consolidated Fund of India
- Contingency Fund of India
- Public Account

16. WHAT IS CONSOLIDATED FUND OF INDIA?

Under Article 266(1) of the Constitution of India, Consolidated Fund of India is the most important of all government funds. All revenues raised by government, money borrowed and receipts from loans given by government flow into it. All government expenditures 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.

17. WHAT ARE THE DIVISIONS IN CONSOLIDATED FUND OF INDIA?

The Consolidated Fund of India is divided into:

- a) **REVENUE ACCOUNT:** It deals with the proceeds of taxation and other receipts classed as revenue and expenditure from it. Any expenditure that doesn't involve creation of assets is treated as revenue expenditure. Salaries, subsidies and interest payments are examples of revenue expenditure.
- b) **CAPITAL ACCOUNT:** It deals with the expenditure to create durable assets. It also includes the receipts and borrowings required to cover the expenditure.

CAPITAL ACCOUNT is further divided into three:

- 1) **CAPITAL EXPENDITURE:** Expenditure incurred for the purpose of creation of permanent assets or reduction of recurring liabilities. It also includes receipts of a capital nature to be applied as set off to capital expenditure.
- 2) **CAPITAL RECEIPTS:** Receipts of capital nature which cannot be used as set off to capital expenditure.
- 3) **PUBLIC DEBT AND LOANS AND ADVANCES:** Loans raised and their repayment, advances made and their recoveries.

18. WHAT IS CONTINGENCY FUND OF INDIA?

Any urgent or unforeseen expenditure is met from this fund. It is constituted under Article 267 of the Constitution of India. It is a Rs 500 crore fund which is at the disposal of the President of India. Any expenditure from this fund requires subsequent approval from the Parliament and any amount withdrawn must be returned to the Contingency Fund from the Consolidated Fund of India.

19. WHAT IS 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.

For e.g., Provident Funds and Small Savings. This money does not belong to government but is to be returned to the depositors. The expenditure from it need not be approved by the Parliament.

20. WHAT IS ACCOUNTING SYSTEM OF THE GOVERNMENT?

The Constitution of India envisages the accounts of the Union and the States to be kept in such a form as the President may prescribe on the advice of the Comptroller and Auditor

General of India. The government accounts are kept on cash basis. Only actual receipts and payments during the financial year are taken into account. However, commercial units under a ministry or a department may be allowed to adopt commercial basis of accounting.

Each division in Consolidated Fund and Public Accounts is divided into sectors, which may be divided into sub-sectors and then into six tiers of accounting classification. Detailed Demands for Grants presented by the Ministries to the Parliament should also adopt the same six tier numeric codification pattern.

21. WHAT ARE APPROPRIATION AND FINANCE ACCOUNTS?

The annual accounts of the Government, comprising of Union Government Finance Accounts and the Appropriation Accounts, are prepared by the Controller General of Accounts. These documents are presented before the Parliament after their statutory audit by the Comptroller and Auditor General of India.

Preparation and submission of Appropriation Accounts to the Parliament completes the cycle of budgetary process. Through Appropriation Accounts, the Parliament is informed about the expenditure incurred against the appropriations made by the Parliament in the previous financial year. All the expenditures are duly audited and excesses or savings in the expenditure are explained.

The Finance Accounts show the details of receipts and expenditures for all the three funds (the Consolidated Fund of India, the Contingency Fund of India and the Public Account) in the form of various statements including liabilities of the government such as guarantees and loans given to the States, Union Territories and Public Sector Undertakings.

22. WHAT IS THE FRBM ACT?

The Fiscal Responsibility and Budget Management Act or the FRBM Act, 2003 is an Act mandating Central Government to ensure intergenerational equity in fiscal management and long term macro-economic stability.

The Act also aims at prudential debt management consistent with fiscal sustainability through-

- Limits on the Central Government borrowings, debt and deficits,
- Greater transparency in fiscal operations of the Central Government
- Conducting fiscal policy in a medium term framework and
- Other matters connected therewith or incidental thereto

23. WHAT DOCUMENTS ARE LAID BEFORE THE PARLIAMENT UNDER THE FRBM ACT 2003?

The Act stipulates that the following documents shall be laid before Parliament in addition to the Budget documents -

- Medium Term Fiscal Policy Statement
- Fiscal Policy Strategy Statement
- Macro-economic Framework Statement

24. WHAT IS THE OUTCOME BUDGET?

From the fiscal year 2006-07 every Ministry presents a preliminary Outcome Budget to the Finance Ministry, 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 programmes and whether the money has been spent for the purpose it was sanctioned including the outcome of the fund-usage.

Outcome budget is a performance measurement tool that helps in:

- Better service delivery
- Decision-making
- Evaluating programme performance and results
- Communicating programme goals
- Improving programme effectiveness
- Make budgets cost effective
- Fix accountability
- Aid better scheme management

25. HOW DOES OUTCOME BUDGETING HELP THE GOVERNMENT?

- It aids the Government in examining the expenditure proposals before the budget is made.
- It puts in place a mechanism of checks and balances at the very stage of planning a programme.
- It reduces unnecessary expenses.

The Outcome Budget, after its presentation in Parliament, is also put up on the Finance Ministry's website.

26. WHAT IS THE MID TERM EVALUATION OF INDIVIDUAL SCHEME OF INDIVIDUAL DEPARTMENTS?

It is a means to improve the quality and relevance of programs and identify the need for reorientations. This is done by carrying out evaluation of all ongoing schemes, programs and projects.

27. HOW ARE GRANTS AND APPROPRIATIONS COMMUNICATED AND DISTRIBUTED DURING BUDGET IMPLEMENTATION?

- After the Appropriation Bill relating to Budget is passed, the Ministry of Finance shall communicate Budget provisions to the Ministries / Departments
- The Ministries/Departments distribute the same to their subordinates
- The distribution is communicated to the respective Pay and Accounts Officers
- The Officers exercise check against the allocation to each subordinate authority

28. WHAT ARE THE ROLE AND RESPONSIBILITIES OF DEPARTMENTS WITH RESPECT TO SPENDING, CONTROL AND RECEIPT?

ROLES AND RESPONSIBILITIES WITH RESPECT TO SPENDING

The relevant administrative ministry has the responsibility for ensuring that:

- Expenditure is incurred for the approved purpose
- It is within the sums allotted
- It has been incurred under the authority competent to sanction it
- Due prudence has been shown in its incurrence

No public authority can incur any expenditure or enter into any liability involving expenditure or transfer of moneys for investment or deposit from government account unless it has been sanctioned by general or special orders of the Government or by any delegated authority.

No expenditure can be incurred against a sanction unless funds are made available to meet the expenditure by valid appropriation or re-appropriation.

The designated controlling authorities have to ensure that:

- The total expenditure is kept within the limits of the authorised grants
- The funds allotted to spending units are expended in the public interest
- The funds on objects for which the money was provided

ROLES AND RESPONSIBILITIES WITH RESPECT TO CONTROL

Departments of the Central Government are responsible for the control of:

- Expenditure against the sanctioned grants
- Appropriations at their disposal

The control shall be exercised through the Heads of Departments and other government officers.

In order to maintain proper control, the controlling officer obtains information on:

- What amount has actually been spent from the grants?
- What commitments and liabilities have been and will be incurred against them?

Every controlling officer must guard against waste and loss of public money and stores.

No charges against a Grant or Appropriation can be authorized after the expiry of the financial year.

Expenditure exceeding the total grant or appropriation authorized by Parliament for a financial year can be incurred only after obtaining:

- A supplementary grant
- Appropriation
- An advance from the Contingency Fund of India

ROLES AND RESPONSIBILITIES WITH RESPECT TO RECEIPTS

It is the duty of the departments concerned to ensure that the dues of Government are correctly and promptly assessed and paid into the treasury/bank.

29. WHAT IS CASH MANAGEMENT AND EXCHEQUER CONTROL?

Exchequer Control Based Expenditure Management was introduced from 1st April, 2006.

OBJECTIVES OF THE CASH MANAGEMENT SYSTEM

- Obtain greater evenness in the budgeted expenditure, especially in respect of items entailing large sums of advance releases and transfers to corpus funds.
- Reduce rush of expenditure during the last quarter, especially the last month of the financial year
- Reduce tendency of parking of funds
- Effectively monitor the expenditure pattern
- Better planning of Indicative Market Borrowing Calendar of the Central Government

The scheme provides for a **MONTHLY EXPENDITURE PLAN** (MEP), separately for Plan and Non Plan expenditure in respect of each demand for grant.

MEP forms the basis of **QUARTERLY EXPENDITURE ALLOCATIONS** (QEA). The Department/Ministries concerned may not issue cheques beyond the QEA (equivalent to the sum of provisions under MEP), without the prior consent of Ministry of Finance, Cash Management Cell (Budget Division).

MONTHLY EXPENDITURE PLAN

The Monthly Expenditure Plan takes account of the following:

- MEP for the month of March may not exceed 15 percent of the budgeted provision
- MEP for the months of January-March may be so fixed that the QEA for the last quarter may not exceed 33 percent of the budgeted provision
- The extant guidelines issued by Ministry of Finance, Department of Expenditure

The expenditure control would apply cumulatively at the end of every quarter to the Demand for Grants level. Variations would be permissible, subject to statutory restrictions and extant guidelines between:

- Months within a quarter
- Plan and Non Plan and between schemes

Savings under the QEA would not be available for automatic carry forward to the next quarter. The Department/Ministry would require approaching the Ministry of Finance for revalidation of such savings through modification in the MEP and QEA.

30. WHAT ARE RE-APPROPRIATIONS?

Re-appropriations allow the Government to re-appropriate provisions from one sub-head to another within the same Grant.

The Comptroller & Auditor General and the Public Accounts Committee reviews these re-appropriations and comments on them for taking corrective actions.

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. (Rule 59, General Financial Rules)

Re-appropriation of funds shall be made only in the case of either of the following:

- It is known or anticipated that the appropriation for the unit from which funds are to be transferred will not be utilized in full
- That savings can be made in the appropriation

Funds under other units later in the year cannot be re-appropriated.

31. WHAT ARE THE GENERAL RESTRICTIONS RELATING TO APPROPRIATIONS AND RE-APPROPRIATIONS?

- Funds shall not be appropriated or re-appropriated to meet expenditure which has not been sanctioned by an authority competent to sanction it.
- Funds provided for charged expenditure shall not be appropriated or re-appropriated to meet votable expenditure and funds provided for voted.
- Expenditure shall not be appropriated or re-appropriated to meet charged expenditure.
- No re-appropriation shall be made from one Grant or Appropriation for charged expenditure to another Grant or Appropriation for charged expenditure.
- Funds shall not be appropriated or re-appropriated to meet expenditure on a new service or new instrument of service not contemplated in the Budget as approved by Parliament.

32. WHAT ARE SUPPLEMENTARY DEMANDS FOR GRANTS?

Supplementary Demands for Grants are normally presented in each session of the Parliament, in the following circumstances:

- When amount authorized during Current Financial Year is insufficient.
- Need has arisen for additional expenditure on existing service or expenditure on a new service not contemplated in the Annual Financial Statement for that year.

- For recouping Contingency Fund Advance.

Broad guidelines, before firming up their proposals for the supplementary demands for grants are as follows:

- Need for economy and rationalisation of expenditure.
- A thorough review of expenditure to explore the possibility of meeting the requirements through Token or Technical supplementary.
- No new schemes and programmes, except those that are part of the Budget announcements should normally be introduced during the course of the financial year.
- Additional expenditure over and above the prescribed approved ceiling for individual schemes may not be ordinarily permitted.
- If there is an amendment to the existing scheme leading to requirements for additional funds, Ministries/Departments should explore and locate matching savings from other schemes/projects in the Demand.
- The mandatory cuts in terms of the austerity instructions should be enforced before determining the requirements for additional funds.
- The proposal for Supplementary Demand should be made only when the programme/scheme for which additional provision is sought has been approved by competent authority and should be limited to the funding requirements within the relevant financial year.

TYPES OF SUPPLEMENTARY DEMANDS FOR GRANTS

1. CASH SUPPLEMENTARY

This supplementary is over and above the original budget provisions and results in enhancement of the allocation for the Demand/Grant.

- Cash Supplementary impacts the fiscal/revenue deficit.
- Cash supplementary should be obtained as a last resort and after proper due diligence.
- Cash supplementary is required to have specific approval of Secretary (Expenditure).

2. TECHNICAL SUPPLEMENTARY

There are 4 Sections in each Demand viz., Revenue-Voted, Revenue-Charged, Capital-Voted and Capital-Charged. When there is a saving in one of the Sections and the same is proposed to be utilized for another scheme under a different section, it can be done after obtaining approval of Parliament through 'Technical Supplementary'.

3. TOKEN SUPPLEMENTARY

Token supplementary is obtained when approval of Parliament is required for Re-appropriation towards utilizing the savings within the same section of the Demand. Token supplementary does not alter revenue/fiscal deficit position.

33. WHAT ARE REVISED ESTIMATES?

Revised Estimates are mid-year review of possible expenditure, taking into account the trend of expenditure, New Services, 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 (in case of New Service/New Instrument of Service, etc) or by Re-appropriation order.

34. WHAT ARE EXCESS GRANTS?

If the total expenditure under a Grant exceeds the provision allowed through its original Grant and Supplementary Grant, if any, the excess requires regularization by obtaining 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.

35. WHAT ARE OTHER PROVISIONS OF THE GENERAL FINANCIAL RULES (GFR)?

- The controlling officer should maintain a Liability Register for effecting proper control over expenditure.
- Control of expenditure against grant/appropriation and ultimate responsibility of the authority administering it.
- Departments of the Central Government shall surrender to the Finance Ministry, by the dates prescribed by that Ministry before the close of the financial year, all the anticipated savings noticed in the Grants or Appropriations controlled by them.
- The funds provided during the financial year and not utilized before the close of that financial year shall stand lapsed at the close of the financial year.
- The savings as well as provisions that cannot be profitably utilised should be surrendered to Government immediately when they are foreseen, without waiting till the end of the year.

- Rush of expenditure, particularly in the closing months of the financial year, shall be regarded as a breach of financial propriety and shall be avoided.
- No expenditure shall be incurred during a financial year on a “New Service” not contemplated in the Annual Budget for the year except after obtaining a supplementary grant or appropriation or an advance from the Contingency Fund during that year.
- An advance from the Contingency Fund (under Article 267 (1) of the Constitution of India) is obtained before incurring the expenditure in excess of either of the following :
 - Sanctioned grant
 - Appropriation
 - For a new service not part of the budget.

This is done in case of insufficient time for voting of supplementary demand and passing of an appropriation bill.

- Subject to the Constitution of India, money indisputably payable by the Government of India shall not ordinarily be left unpaid.
- Anticipated liabilities should invariably be made in Demands for Grants to be placed before the Parliament.

36. WHAT ARE THE DUTIES AND RESPONSIBILITIES OF THE CHIEF ACCOUNTING AUTHORITY?

The Chief Accounting Authority, who is usually the Secretary of a Ministry or Department, has the following duties and responsibilities:

- Be responsible and accountable for financial management of his Ministry or Department.
- Ensure that the public funds are used for the purpose for which they were meant.
- Be responsible for the effective, efficient, economical and transparent use of the resources.
- Appear before the Committee on Public Accounts.
- Review and monitor regularly the performance of the programmes and projects.
- Maintains full and proper records of financial transactions.
- Ensure procurement of services and supplies, and implements it in a fair manner.
- Avoids unauthorized, irregular and wasteful expenditure.

GLOSSARY OF BUDGETARY TERMS

ACCOUNTS OR ACTUALS FOR A YEAR

These are the amounts of receipts and disbursements for the financial year beginning on *April 1st* and ending on *March 31st* following, as finally recorded in the Accounting authority's books

APPROPRIATION BILL

The Appropriation Bill is passed to provide for appropriation out of the Consolidated Fund of India to meet requirements relating to - (a) the grants made by the Lok Sabha; (b) expenditure to be charged on the Consolidated Fund of India.

CAPITAL BUDGET

The capital budget is different from the revenue budget as its components are of a long-term nature. The capital budget consists of capital receipts and payment.

CASH SUPPLEMENTARY DEMANDS

This supplementary is over and above the original budget provisions and results in enhancement of the allocation for the Demand/Grant.

CHARGED EXPENDITURE (ON CONSOLIDATED FUND OF INDIA)

This means such expenditure which is non-votable by the Parliament. It can only be discussed by the Parliament.

CONSOLIDATED FUND OF INDIA

All revenues of the Union Government, loans raised by it and all moneys received in repayment of loans form one consolidated fund called the Consolidated Fund of India (Article 266(1) of the Constitution of India).

CONTINGENCY FUND OF INDIA

Contingency Fund is a corpus of funds which is Rs 500 crores at present. The Contingency Fund is intended to provide advances to the executive/Government to meet unforeseen expenditure arising in the course of a year pending its authorization by the Parliament. (Contingency Fund of India Act 1950 and Article 267 (1) of Constitution of India).

CUT MOTIONS

When a Demand for Grant is taken up for discussion any Member of Parliament may seek reduction in the amount of the Demand by moving any **Cut Motions**.

DEMAND FOR GRANT

A separate demand for grant is made in respect of Ministries' financial requirements and expenditures which cannot be classified under a single ministry. Each demand contains a statement of the total grant proposed and detailed estimate under each grant divided into items.

ECONOMY CUT

This motion by moving reduces the amount of the demand by a specified amount representing the economy that can be affected. The Member giving notice of 'Economy Cut' may indicate either a lump sum reduction in the Demand or omission or reduction of an item.

FINANCE BILL

The Finance Bill is presented in Parliament detailing the imposition, abolition, remission, alteration or regulation of taxes proposed in the Budget. It is accompanied by a memorandum explaining its provisions.

FISCAL DEFICIT

Fiscal deficit is the difference between the revenue receipts plus non-debt capital receipts and the total expenditure including loans, net of repayments. This indicates the total borrowing requirements of Government from all sources.

GUILLOTINE MOTION

On the last days allotted for discussion on the Demands for Grants, at the time fixed in advance, the Speaker puts all the outstanding Demands for Grants to the vote of the House. This process is known as 'Guillotine' and is a device for bringing the debate on financial proposals to an end within a specified time with the result that several Demands have to be voted by the House without discussions.

POLICY CUT

Under this motion the amount of the Demand is reduced to Re. 1, thus representing disapproval of the policy underlying the demand. The Member giving notice of 'Disapproval of Policy Cut' indicates in precise terms the particulars of the policy which he proposes to discuss.

PRIMARY DEFICIT

Primary deficit is measured by fiscal deficit less interest payments.

QUARTERLY EXPENDITURE ALLOCATION

These are issued under the Modified Expenditure Management System. They are submitted to the Ministry of Finance, Cash Management Cell (Budget Division) and may not be exceeded by Ministries and Departments without the Cell's prior permission.

REVENUE BUDGET

The revenue budget consists of revenue receipts of the government (revenues from tax and other sources), and its expenditure.

REVENUE DEFICIT

Revenue deficit refers to the excess of revenue expenditure over revenue receipts.

Effective revenue deficit is the difference between revenue deficit and grants for creation of capital assets.

REVISED ESTIMATES

Revised Estimates reflect the supplementary requirements for funds submitted to the Parliament by Ministries and Departments as Supplementary Demands for Grants.

SUPPLEMENTARY DEMANDS FOR GRANTS

This means the statement of supplementary demands laid before the parliament, showing the estimated amount of further expenditure necessary in respect of a financial year over and above the expenditure authorized in the Annual Financial Statement for that year.

TECHNICAL SUPPLEMENTARY DEMANDS

There are 4 Sections in each Demand viz., Revenue-Voted, Revenue-Charged, Capital- Voted and Capital-Charged. When there is a saving in one of the Sections and the same is proposed to be utilized for another scheme under a different section a Technical Supplementary Demand is used after the Parliamentary approval.

TOKEN CUT

Under this motion the amount of the demand is reduced by Rs. 100 in order to ventilate a specific grievance, which is in the sphere of the responsibility of the Government of India.

TOKEN SUPPLEMENTARY DEMANDS

Token supplementary of Rs 0.01 crore is obtained when due to NS/NIS (New Service/ New Instrument of Service) limits, approval of Parliament is required for Re-appropriation towards utilizing the savings within the same section of the Demand.

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.

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