

KEY TO BUDGET DOCUMENTS

BUDGET 2019-2020

1. The list of Budget documents presented to the Parliament, besides the Finance Minister's Budget Speech, is given below:

- A. Annual Financial Statement (AFS)
- B. Demands for Grants (DG)
- C. Finance Bill
- D. Statements mandated under FRBM Act:
 - i. Macro-Economic Framework Statement
 - ii. Medium-Term Fiscal Policy cum Fiscal Policy Strategy Statement
- E. Expenditure Budget
- F. Receipt Budget
- G. Expenditure Profile
- H. Budget at a Glance
- I. Memorandum Explaining the Provisions in the Finance Bill
- J. Outcome Budget

The documents shown at Serial A, B, and C are mandated by Art. 112, 113, and 110(a) of the Constitution of India respectively, while the documents at Serial No. D (i) and (ii) are presented as per the provisions of the Fiscal Responsibility and Budget Management Act, 2003. Other documents at Serial No. E, F, G, H and I are in the nature of explanatory statements supporting the mandated documents with narrative in a user-friendly format suited for quick or contextual references. The Outcome Budget will have clearly defined outputs and outcomes for various Central Sector Schemes and Centrally Sponsored Schemes with measurable indicators against them and specific targets for FY 2019-20. Hindi version of all these documents is also presented to the Parliament. A web version is hosted at <http://indiabudget.gov.in>, with hyperlinks, intended to make more efficient and user-friendly access to all documents.

2.1 A brief description of the Budget documents listed in para 1 is given below.

A. Annual Financial Statement (AFS)

The Annual Financial Statement (AFS), the document as provided under Article 112, shows

the estimated receipts and expenditure of the Government of India for 2019-20 in relation to estimates for 2018-19 as also actual expenditure for the year 2017-18. The receipts and disbursements are shown under three parts in which Government Accounts are kept viz., (i) The Consolidated Fund of India, (ii) The Contingency Fund of India and (iii) The Public Account of India. The Annual Financial Statement distinguishes the expenditure on revenue account from the expenditure on other accounts, as is mandated in the Constitution of India. The Revenue and the Capital sections together, therefore make the Union Budget. The estimates of receipts and expenditure included in the Annual Financial Statement are for expenditure net of refunds and recoveries. The Union Government Finance Accounts also reflect expenditure in a similar manner.

The significance of the Consolidated Fund, the Contingency Fund and the Public Account as well as the distinguishing features of the Revenue and the Capital portions are given below briefly:

- (i) The Consolidated Fund of India (CFI) draws its existence from Article 266 of the Constitution. All revenues received by the Government, loans raised by it, and also receipts from recoveries of loans granted by it, together form the Consolidated Fund of India. All expenditure of the Government is incurred from the Consolidated Fund of India and no amount can be drawn from the Consolidated Fund without due authorization from the Parliament.
- (ii) Article 267 of the Constitution authorises the existence of a Contingency Fund of India which is an imprest placed at the disposal of the President of India to facilitate meeting of urgent unforeseen expenditure by the Government pending authorization from the Parliament. Parliamentary approval for such unforeseen expenditure is obtained, ex-post-facto, and an equivalent amount is drawn from the Consolidated Fund to recoup the Contingency Fund after such ex-post-facto approval. The corpus of the Contingency Fund as authorized by Parliament presently stands at ₹ 500 crore.
- (iii) Moneys held by Government in trust are kept in the Public Account. The Public Account draws its existence from Article 266 of the Constitution of India. Provident Funds, Small Savings collections, income of Government set apart for expenditure on specific objects such as road development, primary education, other Reserve/Special Funds etc., are examples of moneys kept in the Public Account. Public Account funds that do not belong to the Government and have to be finally paid back to the persons and authorities who deposited them, do not require Parliamentary authorisation for withdrawals. The approval of the Parliament is obtained when amounts are withdrawn from the Consolidated Fund and kept in the Public Account for expenditure on specific objects. The actual expenditure on the specific object is again submitted for vote of the Parliament for withdrawal from the Public Account for incurring expenditure on the specific objects. The Union Budget can be demarcated into the part pertaining to revenue which is for ease of reference termed as Revenue Budget in (iv) below and the part pertaining to Capital which is for ease of reference termed as Capital Budget in (v) below.
- (iv) The Revenue Budget consists of the revenue receipts of the Government (Tax revenues and other Non Tax revenues) and the expenditure met from these revenues. Tax

revenues comprise proceeds of taxes and other duties levied by the Union. The estimates of revenue receipts shown in the Annual Financial Statement take into account the effect of various taxation proposals made in the Finance Bill. Other non-tax receipts of the Government mainly consist of interest and dividend on investments made by the Government, fees and other receipts for services rendered by the Government. Revenue expenditure is for the normal running of Government departments and for rendering of various services, making interest payments on debt, meeting subsidies, grants in aid, etc. Broadly, the expenditure which does not result in creation of assets for the Government of India, is treated as revenue expenditure. All grants given to the State Governments/Union Territories and other parties are also treated as revenue expenditure even though some of the grants may be used for creation of capital assets.

- (v) Capital receipts and capital payments together constitute the Capital Budget. The capital receipts are loans raised by the Government from the public (these are termed as market loans), borrowings by the Government from the Reserve Bank of India and other parties through the sale of Treasury Bills, the loans received from foreign Governments and bodies, disinvestment receipts and recoveries of loans from State and Union Territory Governments and other parties. Capital payments consist of capital expenditure on acquisition of assets like land, buildings, machinery, equipment, as also investments in shares, etc., and loans and advances granted by the Central Government to the State and the Union Territory Governments, Government companies, Corporations and other parties.

(vi) Accounting Classification

- The estimates of receipts and disbursements in the Annual Financial Statement and of expenditure in the Demands for Grants are shown according to the accounting classification referred to under Article 150 of the Constitution.
- The Annual Financial Statement shows, certain disbursements distinctly, which are charged on the Consolidated Fund of India. The Constitution of India mandates that such items of expenditure such as emoluments of the President, salaries and allowances of the Chairman and the Deputy Chairman of the Rajya Sabha and the Speaker and the Deputy Speaker of the Lok Sabha, salaries, allowances and pensions of the Judges of the Supreme Court, the Comptroller and Auditor-General of India and the Central Vigilance Commission, interest on and repayment of loans raised by the Government and payments made to satisfy decrees of courts etc., may be charged on the Consolidated Fund of India and are not required to be voted by the Lok Sabha.

B. Demands for Grants

- (i) Article 113 of the Constitution mandates that the estimates of expenditure from the Consolidated Fund of India included in the Annual Financial Statement and required to be voted by the Lok Sabha, be submitted in the form of Demands for Grants. The Demands for Grants are presented to the Lok Sabha along with the Annual Financial Statement. Generally, one Demand for Grant is presented in respect of each Ministry

or Department. However, more than one Demand may be presented for a Ministry or Department depending on the nature of expenditure. With regard to Union Territories without Legislature, a separate Demand is presented for each of such Union Territories. In Budget 2019-20 there are 100 Demands for Grants. Each Demand initially gives separately the totals of (i) 'voted' and 'charged' expenditure; (ii) the 'revenue' and the 'capital' expenditure and (iii) the grand total on gross basis of the amount of expenditure for which the Demand is presented. This is followed by the estimates of expenditure under different major heads of account. The amounts of recoveries are also shown. The net amount of expenditure after reducing the recoveries from the gross amount is also shown. A summary of Demands for Grants is given at the beginning of this document, while details of 'New Service' or 'New Instrument of Service' such as, formation of a new company, undertaking or a new scheme, etc., if any, are indicated at the end of the document.

- (ii) Each Demand normally includes the total provisions required for a service, that is, provisions on account of revenue expenditure, capital expenditure, grants to State and Union Territory Governments and also loans and advances relating to the service. Where the provision for a service is entirely for expenditure charged on the Consolidated Fund of India, for example, interest payments (Demand for Grant No. 37), a separate Appropriation, as distinct from a Demand, is presented for that expenditure and it is not required to be voted by the Lok Sabha. Where, however, expenditure on a service includes both 'voted' and 'charged' items of expenditure, the latter are also included in the Demand presented for that service but the 'voted' and 'charged' provisions are shown separately in that Demand.

C. Finance Bill

At the time of presentation of the Annual Financial Statement before the Parliament, a Finance Bill is also presented in fulfilment of the requirement of Article 110 (1)(a) of the Constitution, detailing the imposition, abolition, remission, alteration or regulation of taxes proposed in the Budget. It also contains other provisions relating to Budget that could be classified as Money Bill. A Finance Bill is a Money Bill as defined in Article 110 of the Constitution.

D. Statements mandated under FRBM Act.

i. Macro-Economic Framework Statement

The Macro-economic Framework Statement is presented to Parliament under Section 3 of the Fiscal Responsibility and Budget Management Act, 2003 and the rules made thereunder. It contains an assessment of the growth prospects of the economy along with the statement of specific underlying assumptions. It also contains an assessment regarding the GDP growth rate, the domestic economy and the stability of the external sector of the economy, fiscal balance of the Central Government and the external sector balance of the economy.

ii. Medium-Term Fiscal Policy cum Fiscal Policy Strategy Statement

The Medium-Term Fiscal Policy Statement cum Fiscal Policy Strategy Statement is presented to Parliament under Section 3 of the Fiscal Responsibility and Budget Management

Act, 2003. It sets out the three-year rolling targets for six specific fiscal indicators in relation to GDP at market prices, namely (i) Fiscal Deficit, (ii) Revenue Deficit, (iii) Primary Deficit (iv) Tax Revenue (v) Non-tax Revenue and (vi) Central Government Debt. The Statement includes the underlying assumptions, an assessment of the balance between revenue receipts and revenue expenditure and the use of capital receipts including market borrowings for the creation of productive assets. It also outlines for the existing financial year, the strategic priorities of the Government relating to taxation, expenditure, lending and investments, administered pricing, borrowings and guarantees. The Statement explains how the current fiscal policies are in conformity with sound fiscal management principles and gives the rationale for any major deviation in key fiscal measures.

2.2 Explanatory Documents:

To facilitate a more comprehensive understanding of the major features of the Budget, certain other explanatory documents are presented. These are briefly summarized below:

E. Expenditure Budget

The provisions made for a scheme or a programme may be spread over a number of Major Heads in the Revenue and Capital sections in a Demand for Grants. In the Expenditure Budget, the estimates made for a scheme/programme are brought together and shown on a net basis on Revenue and Capital basis at one place. To understand the objectives underlying the expenditure proposed for various schemes and programmes in the Expenditure Budget, suitable explanatory notes are included in this volume.

F. Receipt Budget

Estimates of receipts included in the Annual Financial Statement are further analysed in the document "Receipt Budget". The document provides details of tax and non-tax revenue receipts and capital receipts and explains the estimates. The document also provides a statement on the arrears of tax revenues and non-tax revenues, as mandated under the Fiscal Responsibility and Budget Management Rules, 2004. Trend of receipts and expenditure along with deficit indicators, statement pertaining to National Small Savings Fund (NSSF), Statement of Liabilities, Statement of Guarantees given by the government, statements of Assets and details of External Assistance are also included in Receipts Budget. This also includes the Statement of Revenue Impact of Tax Incentives under the Central Tax System which seeks to list the revenue impact of tax incentives that are proposed by the Central Government. This document also shows liabilities of the Government on account of securities (bonds) issued in lieu of oil and fertilizer subsidies in the past. This was earlier called 'Statement of Revenue Foregone' and brought out as a separate statement in 2015-16. This has been merged in the Receipts Budget from 2016-17 onwards.

G. Expenditure Profile

- (i) This document was earlier titled Expenditure Budget - Vol-I. It has been recast in line with the decision on Plan-Non plan merger. It gives an aggregation of various types of expenditure and certain other items across demands.
- (ii) Under the present accounting and budgetary procedures, certain classes of receipts, such as payments made by one Department to another and receipts of capital projects

or schemes, are taken in reduction of the expenditure of the receiving Department. While the estimates of expenditure included in the Demands for Grants are for the gross amounts, the estimates of expenditure included in the Annual Financial Statement are for the net expenditure, after taking into account the recoveries. The document, makes certain other refinements such as netting expenditure of related receipts so that overstatement of receipts and expenditure figures is avoided. The document contains statements indicating major variations between BE 2018-19 and RE 2018-19 as well as between RE 2018-19 and BE 2019-20 with brief reasons. Contributions to International bodies and estimated strength of establishment of various Government Departments and provision thereof are shown in separate Statements. A statement each, showing (i) Gender Budgeting (ii) Schemes for Development of Scheduled Castes and Scheduled Tribes including Scheduled Caste Sub Scheme (SCSS) and Tribal Sub Scheme (TSS) allocations and (iii) Schemes for the Welfare of Children are also included in this document. It also has statements on (i) the expenditure details and budget estimates regarding Autonomous Bodies and (ii) the details of certain important funds in the Public Account.

(iii) Scheme Expenditure

Scheme expenditure forms a sizeable proportion of the total expenditure of the Central Government. The Demands for Grants of the various Ministries show the Scheme expenditure under the two categories of Centrally Sponsored Schemes and Central Sector Schemes separately. The Expenditure Profile also gives the total provisions for each of the Ministries arranged under the various categories- Centrally Sponsored Schemes, Central Sector Schemes, Establishment, Other Central Expenditure, Transfer to States etc. and highlights the budget provisions for certain important programmes and schemes. Statements showing externally aided projects are also included in the document.

(iv) Public Sector Enterprises

A detailed report on the working of public sector enterprises is given in the document titled 'Public Enterprises Survey' brought out separately by the Department of Public Enterprises. A report on the working of the enterprises under the control of various administrative Ministries is also given in the Annual Reports of the various Ministries circulated to the Members of Parliament separately. The annual reports along with the audited accounts of each of the Government companies are also separately laid before the Parliament. Besides, the reports of the Comptroller and Auditor General of India on the working of various public sector enterprises, are also laid before Parliament.

(v) Commercial Departments

Railways is the principal departmentally-run commercial undertaking of Government. The Budget of the Ministry of Railways and the Demands for Grants relating to Railway expenditure are presented to the Parliament together with the Union Budget from the financial year 2017-18 onwards. The Expenditure Profile has a separate section on Railways to capture all the salient aspects of the demand for grants of Railways and other details of interest regarding Railways. The total receipts and expenditure of the

Railways are, incorporated in the Annual Financial Statement of the Government of India. Details of other commercially run departmental undertakings are also shown in a statement. Expenditure is depicted in the Expenditure Profile and Expenditure Budget, net of receipts of the Departmental Commercial Undertakings, in order to avoid overstatement of both receipts and expenditure.

- (vi) The receipts and expenditure of the Ministry of Defence Demands shown in the Annual Financial Statement, are explained in greater detail in the document Defence Services Estimates presented with the Detailed Demands for Grants of the Ministry of Defence.
- (vii) The details of grants given to bodies other than State and Union Territory Governments are given in the statements of Grants-in-aid paid to non-Government bodies appended to Detailed Demands for Grants of the various Ministries.

H. Budget at a Glance

- (i) This document shows in brief, receipts and disbursements along with broad details of tax revenues and other receipts. This document provides details of resources transferred by the Central Government to State and Union Territory Governments. This document also shows the revenue deficit, the gross primary deficit and the gross fiscal deficit of the Central Government. The excess of Government's revenue expenditure over revenue receipts constitutes revenue deficit of Government. The difference between the total expenditure of Government by way of revenue, capital and loans net of repayments on the one hand and revenue receipts of Government and capital receipts which are not in the nature of borrowing but which accrue to Government on the other, constitutes gross fiscal deficit. Gross primary deficit is gross fiscal deficit reduced by the gross interest payments. In the Budget documents 'gross fiscal deficit' and 'gross primary deficit' have been referred to in abbreviated form 'fiscal deficit' and 'primary deficit', respectively.
- (ii) The document also includes a statement indicating the quantum and nature (share in Central Taxes, grants/loan) of the total Resources transferred to States and Union Territory Governments. Details of these transfers by way of share of taxes, grants-in-aid and loans are given in Expenditure Profile (Statement No.18). Bulk of grants and loans to States are disbursed by the Ministry of Finance and are included in the Demand 'Transfers to States' and in the Demand 'Transfer to Delhi' and 'Transfer to Puducherry'. The grants and loans released to States and Union Territories by other Ministries/ Departments are reflected in their respective Demands.

The Budget of the Central Government is not merely a statement of receipts and expenditure. Since Independence, it has become a significant statement of government policy. The Budget reflects and shapes, and is, in turn, shaped by the country's economy. For a better appreciation of the impact of government receipts and expenditure on the other sectors of the economy, it is necessary to group them in terms of certain economic magnitudes, for example, how much is set aside for capital formation, how much is spent directly by the Government and how much is transferred by Government to other sectors of the economy by way of grants, loans, etc. This analysis is contained in

the Economic and Functional Classification of the Central Government Budget which is brought out by the Ministry of Finance separately.

I. Memorandum Explaining the Provisions in the Finance Bill

To facilitate understanding of the taxation proposals contained in the finance Bill, the provisions and their implications are explained in the document titled Memorandum Explaining the Provisions in the Finance Bill.

J. Outcome Budget

With effect from Financial year 2007-08, the Performance Budget and the Outcome Budget hitherto which were presented to Parliament separately by Ministries/Departments, were merged and presented as a single document titled "Outcome Budget" in respect of each Ministry/Department. From Financial year 2017-18 onwards, the Outcome Budget of all Ministries have been combined into single document and will be brought out by the Ministry of Finance in collaboration with the NITI Aayog. From this financial year onward, Outcome Budget will have clearly defined outputs and outcomes for various Central Sector Schemes and Centrally Sponsored Schemes with measurable indicators against them and specific targets for FY 2019-20.