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Q2

Distinguish between Capital Budget and Revenue Budget. Explain the components of both these Budgets.

UPSC Civil Services Mains 2021 · GS III · 10 marks · Government Budgeting

Government Budgeting.

Facts & figures for this PYQ only.

Numbers move. Confirm the latest Budget, Economic Survey or census round. This sheet is for revision, not a substitute for the model answer.

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Article 112

Annual Financial Statement laid in Parliament; the constitutional name of the Union Budget accounts.

Revenue deficit

Gap between revenue expenditure and revenue receipts; a signal of borrowing for current cost.

Fiscal deficit

Excess of total expenditure over revenue receipts plus non-debt capital receipts.

Disinvestment

Non-debt capital receipt from sale of public equity; it finances the Capital Budget without new bonds.

Fiscal Responsibility and Budget Management Act (FRBM)

Law and later amendments that set deficit and, at times, capital-spending discipline for the Union.

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