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Opinion Article

Financial statements of revenue budget and capital budget

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INTRODUCTION

A budget is an annual financial statement that shows the government's expected receipts and expenditures for each fiscal year. Budgeting is the practise of calculating resource availability and then allocating them to different project a variety of tasks based on a set of priorities Budgets serve as control devices and a baseline for evaluating the development of various projects departments.

The budget is a yearly financial statement that includes a forecast of future expenditures and revenues. The traditional definition of a balanced budget is that revenue increases over time or does not decrease in relation to spending. The budget is the government's most significant financial plan. The budget contains the estimated income and anticipated expenditures for the budget year.

Many aims have been attempted to be met on the basis of the budget. The key goals are as follows:

Prepare a policy budget framework. This is done in order to attain the goals, and the work that must be done is decided upon. This selection must be made amongst many computational optional proposals to determine which one should be chosen in order to meet the primary national aims. It must be determined whether many objectives may be met simultaneously. A budget is a tool for putting a policy into action. Here, a norm of labour capacity and thriftiness has been introduced, which implies they are attempting to make policy judgments based on the bare minimum. A budget is a tool for getting things done. All budget choices are made in the form of an act. The goal of putting pressure on law enforcement is to prevent the abuse of rights and save public funds.

Budget documents can provide information regarding future possibilities, previous activity, current decisions, and future prospects. The budget process provides opportunities for legislators and executives to notify us whether their decisions and functions are suitable.

The Revenue Budget and the Capital Budget make up the budget. The Revenue Budget depicts the government's existing receipts as well as the expenditures that may be fulfilled with these sources. Tax and non-tax revenues are separated in revenue receipts. Tax revenues are the results of the central government's taxes and other charges. Direct taxes, which fall directly on people (personal income tax) and businesses (corporation tax) make up a significant portion of revenue receipts. Excise taxes (duties on commodities produced within the nation), customs duties (taxes imposed on items imported into and exported out of India), and service tax are examples of indirect taxes. Interest receipts (on account of central government loans, which are the single largest item of non-tax revenue) make up the majority of the central government's non-tax revenue.

Dividends and profits earned by the government on its assets Fees and other payments for government services foreign governments' and international organisations' cash grants-in-aid are also mentioned.

The revenue receipt projections take into consideration the implications of the Finance Bill's tax provisions. The imposition, repeal, remission, adjustment, or control of taxes suggested in the Budget is detailed in a Finance Bill, which is submitted with the Annual Financial Statement.

All government expenditures that do not result in the production of physical or financial assets are classified as revenue expenditures.

It refers to the costs of running government agencies and providing different services, as well as interest payments on the government's debt and grants to state governments and other parties (even though some of the funds are intended to create assets).

Total revenue spending is divided into two categories in budget documents: plan and non-plan expenditure.

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Plan revenue spending pertains to central plans (the Five-Year Plans) as well as central aid for state and union territory plans.

Non-plan expenditure the most significant component of revenue expenditure includes a wide variety of government general, economic, and social services. Interest payments, defence services, subsidies, wages, and pensions are the key elements of non-plan spending. The single greatest component of non-plan revenue spending is interest payments on market loans, foreign loans, and from other reserve accounts. In 2004-05, they consumed 41.5 percent of income. Defence spending, which accounts for the second-largest share of non-plan spending, is committed in the sense that there is limited room for significant cuts due to national security concerns.