

Unit 3 budgeting techniques. Module name meaning and features of budget.

Outline meaning of budget. Features of budget and conclusion.

Learning outcomes- students will be able to explain the meaning of budget, explain the features of budget.

First Let's see the meaning of budget.

It is an annual financial statement of estimated receipts and expenses of the government which is to be presented before the parliament for its approval in respect of every financial year starting from 1st April to 31st march.

A government budget is an annual financial statement showing item wise estimates of expected revenue and anticipated expenditure during a fiscal year. In other words, the government budget is a statement of its income and expenditure. In the beginning of every year, government presents before the Lok Sabha an estimate of its receipts and expenditure for the coming financial year. It requires to be approved (passed) by Parliament or Assembly or some other authority before its implementation.

The government plans expenditure according to its objectives and then tries to raise resources to meet the proposed expenditure. Government earns money broadly from taxes, fees and fines, interest on loans given to states and dividend by public sector enterprises. Government spends mainly on providing goods and services to citizens, law and order and internal security, defence, staff salaries, etc.

In India, there is constitutional requirement to present budget before Parliament for every financial year. The financial (fiscal) year starts on April 1 and ends on March 31 of next year. For example, fiscal or budget year 2022-23 is from 1<sup>st</sup> April, 2022 to 31<sup>st</sup> March, 2023. Obviously, the budget is the most important information document of the government because government implements its plans and programmes through the budget.

Now let's see the features or characteristics of government budget.

## **1. Comprehensiveness**

Budget must exhibit all revenue and expenditure related to government transactions. There must be a single fund and all money collected must be accumulated into the fund known as “Consolidated Fund”. This ensures simplicity and efficiency in government transactions.

## **2. Annuality**

Budget should be done at regular intervals. Generally, a year is regarded as the proper span of time to what the budget should relate.

## **3. Accuracy**

Accuracy is another characteristic of budget. It means that the estimates regarding expenditure and revenue given in the budget should be accurate as far as possible. It should be based on accurate information and data.

## **4. Flexibility**

Budget should possess a certain degree of flexibility regarding the allocation of resources and implementation of proposals.

## **5. Objectivity**

Objectivity is another prerequisite of a good budget. At all times and in all places, budget is prepared with certain well-defined objectives.

## **6. Balance or equilibrium**

There should be a balancing of revenue and expenditure in the budget as far as possible. The balance in the budget is an important essence of a good budget.

## **Conclusion**

A budget is a road map for the government to estimate its revenue and expenditure, identify the areas that needs improvement, and perform its functions smoothly.

These are the references which I have used for preparing this module.

Thank you.