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शक्तिउत्थानआश्रमलखीसरायबिहार

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Revision Notes

Components Of Government Budget, Budget Receipts Its Types

1. Components of a government budget: Government budget, comprises of two parts—

(a) Revenue Budget and (b) Capital Budget.

(a) Revenue Budget: Revenue Budget contains both types of the revenue receipts of the government, i.e., Tax revenue and Non tax revenue ; and the Revenue expenditure.

(i) Revenue Receipts: These are the receipts that neither create any liability nor reduction in assets of the government. It includes tax revenues like income tax, corporation tax and non-tax revenue like fines and penalties, special assessment, escheat etc.

(ii) Revenue Expenditure: An expenditure that neither creates any assets nor cause reduction of liability is called revenue expenditure.

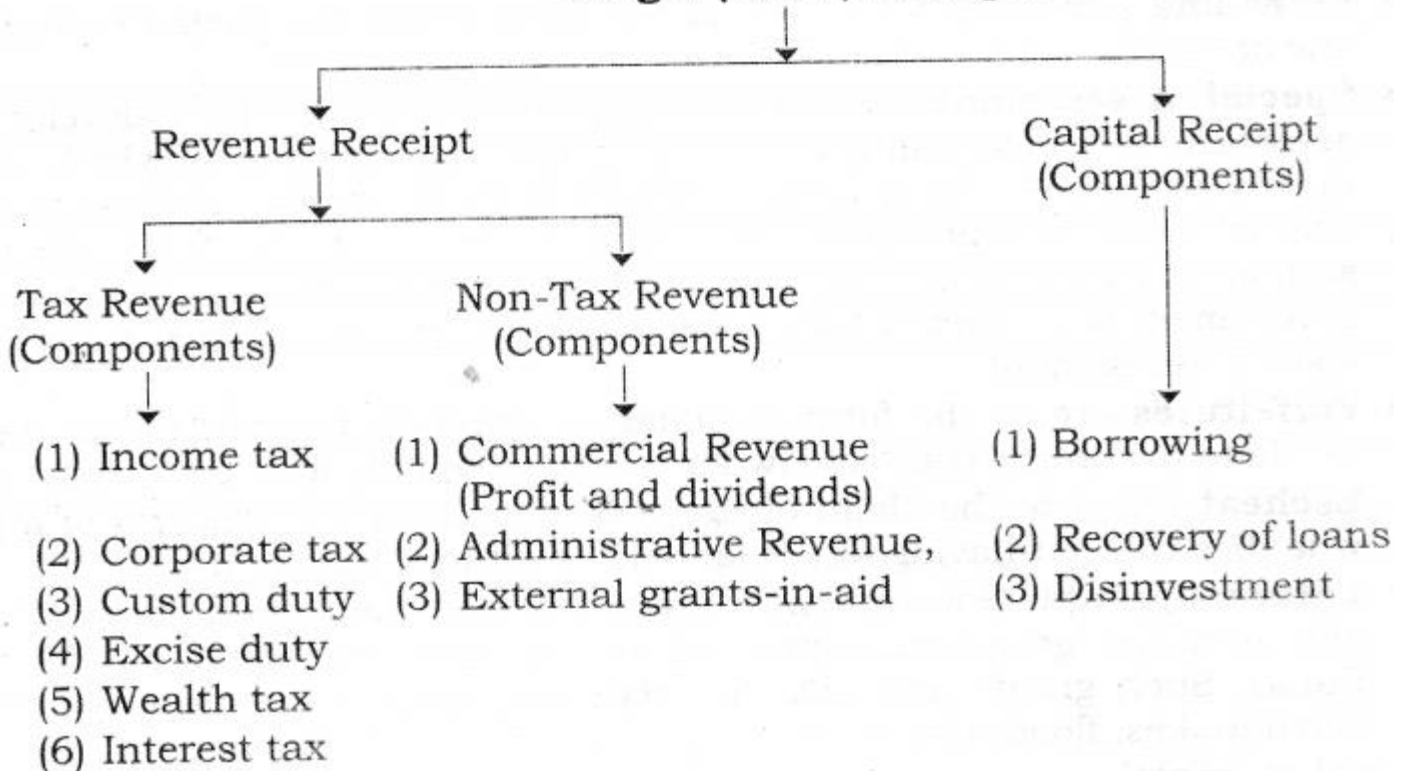
(b) Capital Budget: Capital budget contains capital receipts and capital expenditure of the government.

(i) Capital Receipts: Government receipts that either creates liabilities (of payment of loan) or reduce assets (on disinvestment) are called capital receipts. Capital receipts include items, which are non-repetitive and non-routine in nature.

(ii) Capital Expenditure: This expenditure of the government either creates physical or financial assets or reduction of its liability. Acquisition of assets like land, machinery, equipment, its loans and advances to state governments etc. are its examples.

2. Budget receipts (government receipt): Budget receipt refers to the estimated receipts of the government from various sources during a fiscal year. It shows the sources from where the government intends to get money to finance the expenditure. Budget receipts are of two types:

Budget (Govt.) Receipts



(a) Revenue receipts

(i) Meaning:

- Government receipts, which
 - > Neither create any liabilities for the government; and
 - > Nor cause any reduction in assets of the government, are called revenue receipts. In revenue receipts both the conditions should be satisfied.
- Revenue receipts include items which are Repetitive and routine in nature.

(ii) Revenue receipts are further classified into:

• Tax Revenue:

- > Tax revenue refers to receipts from all kinds of taxes such as income tax, corporate tax, excise duty etc.
- > A tax is a legally compulsory payment imposed by the government on income and profit of persons and companies without reference to any benefit. Taxes are of two types: Direct taxes and Indirect taxes.

• Non-Tax Revenue:

- > Non-tax revenue refers to government revenue from all sources other than taxes.
- > These are incomes, which the government gets by way of sale of goods and services rendered by different government departments.