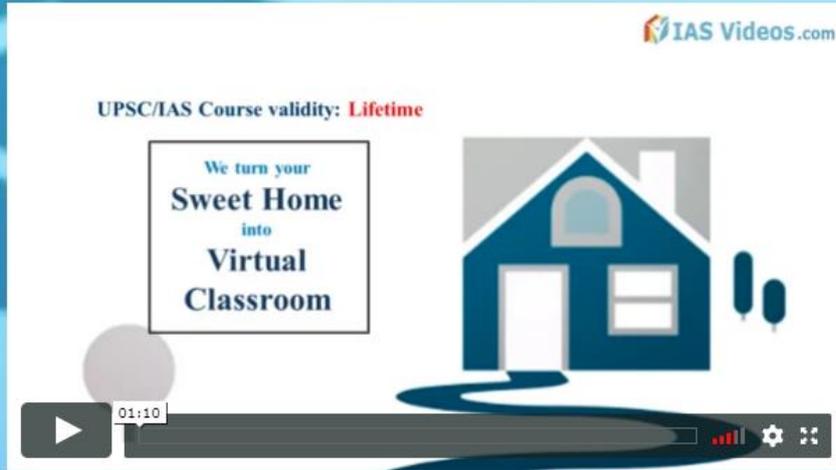


February 05th, 2019 Sample Current Affairs

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1. Budget 2019: At the end of its term, a government usually presents a vote on account rather than a full Budget.

- What is an interim budget then?
- What are the differences between Full Budget and Interim budget (vote-on-account)?
- Is it mandatory for the government to present vote on account instead of a full budget in an election year?
- What is the constitutional mandate for spending public money?

GS paper 2 (Government budgeting)

In this video, you can find detailed answers for all the above questions.

The above article has been retrieved from:

Shaji

Vikraman. (2019, February , 5). Budget 2019: At the end of its term, a government usually presents a vote on account rather than a full Budget.. Indian Express. Retrieved from <https://indianexpress.com/article/explained/simply-put-full-budget-interim-budget-p-chidambaram-arun-jaitley-yashwant-sinha-pranab-mukherjee-5557243/>

What is the context about?

- The interim Budget — which was more like a full Budget than previous votes-on-account — was presented

on the first day of February, as has been the case for the two preceding Union Budgets.

- ❑ Following a decision taken during the 2016-17 financial year, the budget is presented on the first day of February.
- ❑ But the government machinery responded too slowly to the Budget decisions announced in end-February.

What is an interim budget then?

An interim budget in all practical sense is a full budget but made by the government during the last year of its term – ie. just before the election. An interim Budget is a complete set of accounts, including both expenditure and receipts. But it may not contain big policy proposals.

What are the differences between Full Budget and Interim budget (vote-on-account)?

Difference between Full Budget and Vote on Account

- ❑ Full Budget deals with both expenditure and revenue side but Vote-on-account deals only with the expenditure side of the government's budget.
- ❑ The vote-on-account is normally valid for two months but a full budget is valid for 12 months (a financial year).
- ❑ As a convention, a vote-on-account is treated as a formal matter and passed by Lok Sabha without discussion. But passing for budget happens only after discussions and voting on demand for grants.

- A vote-on-account cannot alter direct taxes since they need to be passed through a finance bill. Under the regular Budget, fresh taxes may be imposed and old ones may go.
- As a convention, a vote-on-account is treated as a formal matter and passed by the Lok Sabha without discussion. But the full budget is passed only after discussions and voting on demand for grants.

Is it mandatory for the government to present vote on account instead of a full budget in an election year?

- It is not mandatory for the government to present a vote on account in an election year.
- Though the convention is to present an interim budget and get the fund required for spending via the vote on account route, the government (if it wishes so) can even go for a Full Budget and get the appropriation bills passed to get the finances.

What is the constitutional mandate for spending public money?

- Executive (Government) needs the approval of Legislature (Parliament) for spending!
- Yes, the government cannot spend as it wishes!
- Even though the government collects money from the public by means of various taxes and fees, for the

expenditure of the same, it needs approval from another authority – ie. Legislature.

- ❑ In the case of the Central government, the Legislature corresponds to the lower house of the Parliament ie. Loksabha.
- ❑ Article 266 of the Constitution of India mandates that Parliamentary approval is required to draw money from the Consolidated Fund of India.