

Interim Budget - UPSC Notes

The interim budget is an important concept that is seen in the news every year. It is different from a regular budget. In this article, you can read what an interim budget means and how it is different from a regular budget as well as from a vote-on-account. This is an important topic for the [IAS exam](#).

Interim Budget

An interim budget is presented by the government in the Parliament if it does not have the time to present a full budget, or if the general elections are around the corner. If in case the elections are nearing, it is only correct that the incoming government frame the full budget.

- A full budget gives the government of the day spending rights till the end of the financial year (which ends on 31st March).
- In case, the government is not able to present the full budget before the end of the financial year, it will require parliamentary approval for incurring expenditure in the new financial year, until a new budget is passed.
- Until the Parliament discusses the budget and passes it (for the whole year), through the interim budget, the government passes a vote-on-account which will allow the government to meet its expenses of administration.

How is an interim budget different from a regular budget?

- The vote-on-account passed through the interim budget, seeks parliamentary approval for the government to meet expenses for a part of the fiscal year.
- It is not practical for the government to present a full budget when there are elections nearing, so the government presents an interim budget, which is like a budget for the transition period (few months remaining in power).
- But, like a regular budget, the estimates are presented for the whole year.
- When the new government frames a new budget, it can concur with or change the estimates as it deems fit.
- The Constitution gives the government the power to make changes in the tax regime in the interim budget.
 - However, in all the 14 interim budgets that the various governments have presented so far, no major tax changes or new schemes have been announced respecting the fact that the government is going to be in power only for a few months.
- Generally, an annual budget contains two segments -
 - Report on the previous year's income and expenses
 - Proposed income generation and expenses for the coming year
- In an interim budget, the first part is the same as the annual budget, i.e., the previous year's income and expenses. However, only a documentation of the proposed basic expenses till the elections are included in the interim budget.
- In an interim budget (because it is close to the general elections), the [Election Commission](#) has given regulations to the effect that any major policy changes that can influence the voters unfairly are not permitted.

You can read important terms and concepts related to the Union Budget [here](#).

Vote-on-account

The vote-on-account is passed through the interim budget.

- It allows the government to meet its expenses in the short period leading up to the elections.
- The vote-on-account is passed as a convention without discussion, as opposed to a full budget where the budget is passed only after discussions are held.
- It is like a grant-in-advance to the government to function properly until the voting on the demands for grants, as well as the passing of the Finance Bill and the Appropriation Bill.
- The sum of this grant is 1/6th of the estimated expenditure for the whole year under various demands for grants.
- The vote-on-account is valid for two months usually. The full budget is valid for a year.
- **A vote-on-account contains only the expenditure of the government whereas the interim budget deals with both receipts and expenditure.**

You can get an analysis of the **interim budget 2019 - 20** in our 'Economy This Week' segment [here](#).

UPSC Questions related to Interim Budget

What is difference between budget and interim budget?

A regular budget is presented for the whole financial year. An interim budget is presented when the government does not have the time to present a full budget or if there are general elections happening shortly.

Is interim budget same as vote on account?

No, the interim budget is not the same as the vote-on-account. A vote-on-account contains only the expenditure of the government whereas the interim budget deals with both receipts and expenditure.

Who presented interim budget 2019?

It was presented by the then Acting Finance Minister Piyush Goyal in February 2019.

Who presented the first interim budget?

The first interim budget was presented by the then Finance Minister R K Shanmukham Chetty for about 7 months (from August 15, 1947 to March 31, 1948). The interim budget was passed since the budget that had been passed by the Constituent Assembly went out of operation after the country was partitioned.

