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Volume - 6

Indian Economy and Global Economy

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VOLUME - 6

INDIAN ECONOMY AND GLOBAL ECONOMY

1
CHAPTER

National Income

- **National income:** The total value of **final goods and services produced by the normal residents during an accounting year, after adjusting depreciation.**
  - It is Net National Product (NNP) at Factor Cost (FC)
  - It does not include taxes, depreciation and non-factor inputs (raw materials)
- Also **useful in determining the country's progress.**
- It Includes: **Wages, interest, rent, and profit received** by components of production such as: **labour, capital, land, and entrepreneurship.**
- **Domestic Income:** Total value of final **goods and services produced within a domestic territory** during an accounting year, **after adjusting depreciation.**
  - **It is NDP at Factor Cost.**
- **Both NNP and NDP can be measured at constant prices (real income) or market prices (nominal income)**
- **National income: Domestic Income + NFIA**

Some Important Terms	
Factor Cost	• **Total cost of all the factors of production** consumed or used in producing a good or service.
Basic Price	• **Amount a producer receives from a purchaser** for a unit of a good or service provided **as output, minus any tax due and any subsidy due** on that unit as a result of its production or sale.
Market Price	• Price at which **a thing is sold in the market**. • **Covers wages, rent, interest, input prices, profit, & other costs of production**. • Also **covers government-imposed taxes** & government-provided producer **subsidies**.
Depreciation	• The **wear and tear of capital assets** • **Capital consumption allowance** - another term for depreciation.
Transfer Payments	• A **monetary payment** for which **no goods or services are exchanged.** • **Efforts by local, state, and federal governments to redistribute money to individuals in need** are usually referred to as transfer payments. • **Transfer payments** such as Social Security and unemployment insurance are popular in the United States. • **Transfer payments are not typically used to describe corporate bailouts and subsidies.**

Aspects of National Income

Gross Domestic Product (GDP)

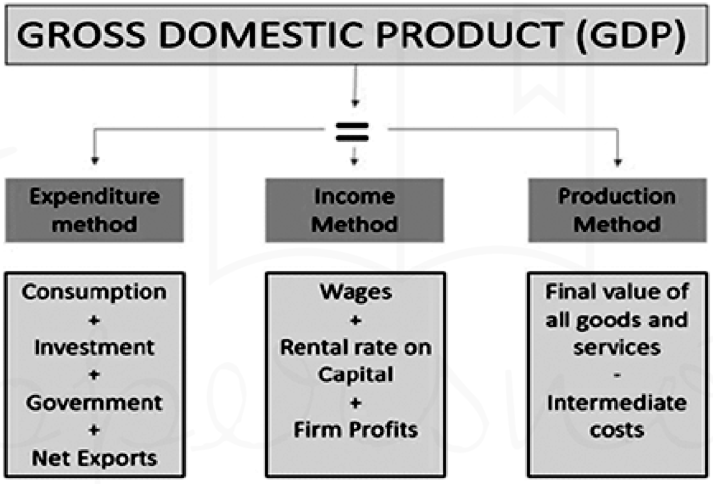
- Total value of **goods and services produced in a country.**
- Economic indicator used to **gauge a country's economic growth**.
- Estimated **at regular periods** (such as quarterly, yearly).
  - For India it is from **1st April to 31st March.**
- **Production area for calculation of GDP** includes

- A **country's geographical borders** including its **Exclusive Economic Zones (EEZ)** (up to 200 nautical miles or 360 kms)
- A **country's embassy** in different nations
- **Production in moving vehicles** like ships, aircraft, etc.

- **Goods included:** all final goods and services **produced by the normal residents and non-residents in the domestic territory** of the country
  - does **not include Net Factor Income from Abroad** (NFIA)
- **Calculated by Central Statistics Organization,** Ministry of Statistics and Programme.
- **'Quantitative concept'** and indicates **internal strength of the economy**.
- **Used by the IMF & World Bank** in **comparative analyses** of member economies.

GDP = consumption + investment + government spending + exports - imports

Methods for Calculating GDP



<table>
<tr><th>Nominal GDP</th><th>Real GDP</th></tr>
<tr><td>

Total financial business value produced inside the country.
Without Inflation adjusted.
At Current year prices.
High Worth
Compares quarters of a year.

Nominal GDP = Current Year Production ✕ Current Year Price

does not truly indicate the real performance of economy

</td><td>

GDP metric adjusted: With changes in the general price level.
Inflation-adjusted
At regular prices
Low Worth
Compares two or more FYs

Real GDP = Current Year Production ✕ Base Year Price

only change in real production of goods and services is captured.

</td></tr>
<tr><td colspan="2">
GDP Deflator

Ratio of Nominal GDP to Real GDP
gives an idea of how the prices have moved from the base year to the current year.

GDP Deflator = Nominal GDP / Real GDP
GDP Growth Rate:

Measures how fast the economy is growing.

</td></tr>
</table>

- Measures the **change in GDP in two consecutive years** or quarters.

GDP Growth Rate = 100 x [(GDP current year/quarter – GDP prev. year/quarter) / GDP prev. year/quarter]

- **Real Economic Growth Rate** takes into account the **buying power** and is **inflation-adjusted.**

GDP at Factor Cost (GDPFC)

- Factor cost is the cost of producing a commodity. It includes the cost of land, labour, capital and the profits of the producer.

GDP at Market Price (GDPMP)

- Market price includes net indirect taxes along with the factor cost. (Net indirect tax is the difference b/w total indirect tax and subsidies)

GDPMP = GDPFC + Indirect tax - Subsidy

Gross Value Added (GVA)

- **economic productivity metric** that measures contribution of a corporate subsidiary, company, or municipality to an economy, producer, sector, or region.
- **used to adjust GDP** and measure how much money a product or service has contributed toward meeting a company's fixed costs.

GVA = GDP + Subsidies - Taxes

Net Domestic Product (NDP)

- **Net worth** of all goods and services **generated inside a country's geographic borders.**
- **Value of depreciation** of national capital assets such as **machinery, houses, and cars is subtracted** from the GDP to calculate NDP
- **Other considerations:** such as asset **obsolescence and complete destruction**, also taken into account by the NDP.

Net Domestic Product (NDP) = Gross Domestic Product (GDP) – Depreciation.

- **Significance**
  - To understand the historical **situation of the loss** due to depreciation to the economy.
  - To **understand and analyze the sectoral situation** of depreciation in industry and trade in comparative periods.
  - **Showcase the achievements of the economy** in the area of R&D, which have tried curing the levels of depreciation in a historical time period.

Gross National Product (GNP)

- **Total value of all goods and services** produced by citizens and enterprises in a country, regardless of **where they are produced**
- It is the **GDP of a country added with its income from abroad.**
- **' Income from Abroad' includes:**
  - **Trade Balance:** net outcome at year end of the total exports and imports of a country
  - **Interest on External Loans:** balance of **interest on the money lent by the country and the interest on the money it has borrowed** from other countries.
    - **India** has always been a **'net borrower'** from the world economies.

- ○ **Private Remittances:** account of the **'private transfers' by Indians working abroad** (to India) and **foreign nationals working in India** (to their home countries).

GNP(Y) = Consumption expenditure (c) + Investment (I) + Government expenditure (G) + Net exports (X) + Net income from Abroad (Z). ● **Y = C + I + G + X + Z**

- **Factors to GNP: Manufacturing** of items such as **equipment, machinery, agricultural products, and cars** & some services such as **consulting, education, and health care.**
- **The cost of delivering services** is **not calculated.**
- When **a citizen holds dual citizenship** : **GNP per capita** is utilized to calculate GNP on a **country-by-country basis**.
- In that situation, their **earnings are counted twice**, as each country's GNP.

Net National Product (NNP)

- **Value generated by removing depreciation** from the gross national product.
- **Determines how much a country can consume** in a specific time span.

NNP = GNP – Depreciation or **NNP = GDP + Income from Abroad – Depreciation**

- When a country's net national product **(NNP) dips or falls**,
  - ○ Businesses **contemplate shifting to industries** that are **considered recession-proof.**

Personal Income	● Amount of **money earned collectively by the citizens of a country**. ● **Ex.: Money** obtained from **employment, dividends and distributions paid by investments, rents derived from property ownership, and profit sharing** from enterprises. ● Taxation is imposed on personal income in most cases. **PI = National Income – Undistributed Profits – Net interest paid by households – Corporate tax + Transfer payments to the households from the government and firms**
Personal Disposable Income	● **Income available to the households** that they can spent as they wish ● Income available after payment of taxes and other non-tax payments **PDI = PI – Personal tax payments – non-tax payments**
National Disposable Income	● **sum of the gross (or net) disposable incomes** of the institutional sectors. **Gross (or net) NDI = gross (or net) national income (at market prices) - current transfers payable to non-resident units.**

Methods of computing National Income

Income Method	● Estimated **by adding all production factors** (rent, salary, interest, profit) & **mixed-income by self-employed.** ● We add all net income payments received by all citizens of a country in a given year using this procedure.

	● **Net incomes from all factors of production** are added. ○ **Eg: net rents, wages, interest, and profits**. ● **Income received** in the form of **transfer payments** is **not included.** **Net National Income = Compensation of Employees + Operating surplus mixed (W +R +P +I) + Net income + Net factor income from abroad.** Where, ● W = Wages and salaries ● R = Rental Income ● P = Profit ● I = Mixed Income

Product/Value Added Method	● **Aggregate value of final goods and services** produced in a country **throughout a financial year** at market prices.
	● **To calculate GNP**,
	   ○ data from all productive activities are gathered and analysed, including :
	      ■ **agricultural goods,**
	      ■ **minerals, and**
	      ■ **industrial products**
	      ■ Contributions to production **made by transportation, insurance, communication, attorneys, doctors, and teachers, etc.**
	
	National Income = GNP – Cost of Capital – Depreciation – Indirect Taxes

Expenditure Method	● National Income is **measured as the flow of expenditure.**
	● **Total expenditure** by the society summed up includes:
	   ○ **Personal consumption expenditure,**
	   ○ **Net domestic investment,**
	   ○ **Government expenditure on goods and services, and**
	   ○ **Net foreign investment.**
	National Income = National Product = National Expenditure

Standing Committee on Economic Statistics

- **Constituted by:** Ministry of Statistics and Programme Implementation (MOSPI)
- **Chairman:** former **Chief Statistician**
- **Functions**
  - **Analyse and Develop:** country's surveys on employment, industry, and services.
  - **Look at the current framework** of data sources, indicators, and definitions.
    - For **index of industrial production, periodic labour force surveys, time use surveys, economic censuses, and unorganised sector statistics**.
  - **4 standing committee**s on: labour force statistics, industrial statistics, services sector, and unincorporated sector firms will be absorbed into the SCES.
  - **108 economists and social scientists** expressed worry over **"political involvement"** in influencing statistical data in India.
  - **Appealed for the statistical organisations' "institutional independence**" and integrity to be restored.

2 CHAPTER Public Finance

- **Public finance:** Management of a country's revenue, expenditures, and debt through various Government, quasi-government institutions, policies, and tools.
- **Components**
  - Public revenue
  - Public expenditure
  - Public debt
  - Fiscal policy
  - Financial scrutiny
  - financial administration
  - Public borrowing.

Subsidy

- **"Money granted by the state, public body, or other entity to keep commodity prices low."**
- It is **a grant or other form of financial assistance given** for the **purpose of supporting or developing them.**
- They have **an impact on the economy through the commodities** market because they lower the relative price of the subsidised commodity, resulting in an increase in demand.
- They **occur on the expenditure side of government budgets**.
- They i**ncrease money in circulation while taxes reduce it.**
- They **argued in order to achieve redistributive goals**, particularly to ensure a basic level of food and nourishment for all members of society.

Need for farm subsidies

- **Article 48 of the Indian Constitution:** The responsibility of the state to organize agriculture on modern lines.
- As per FAO, 70% of Indian rural households are primarily dependent on agriculture for their livelihood.
- **Subsidies:** The tool for income distribution and to reduce inequalities (Oxfam report 2020- top 10% holds 72% of wealth).
- Poor income realization to farmers (farmers income is less than 1/3rd income of non-farmers)
- Farm subsidies act as a complementary income to farmers, which can be invested back in agriculture.
- Farm subsidies ➞ Access to quality inputs such as seeds, fertilizers ➞ Increase in productivity ➞ Better income to farmers.
- Farm subsidies in a way motivate farmers to continue farming as an occupation.
- Insulate farmers from the issues posed by the covid-19 pandemic.

Classification of Subsidies

Direct Subsidy

- This subsidy is **paid directly to the farmers** and is usually in the form of **a direct cash subsidy.**
- As a result, direct subsidies **play a critical role in enhancing farmers' purchasing power** and raising the standard of living of the rural poor.
- Direct farm subsidies are **popular in most industrialised nations**,
  - such as the **United States and Europe**, while **India only offers them in limited forms,** such as food subsidies and MSP-based procurement.

Food Subsidy

- The **government incurs food subsidies** in order to fulfil its commitment
  - To distribute justice, and the food security system's twin objectives,
  - **To provide minimal nutritional support** to the needy through subsidised foodgrains and to ensure price stability in different states.
- The **difference b/w the economic cost of foodgrains and the issue price** is **refunded to FCI,**
  - which **used to distribute wheat and rice to the poor** and maintain a buffer stock.

Limitations of Direct Subsidy

- In rural areas, there is **a lack of financial inclusion and ATMs.**
- **Banking services are difficult to come by.**
- The possibility that **farmers would spend the funds for non-farm, non-productive purposes.**
- **Inflation may result from more money** in the hands of the general populace.
- It's possible that this will have an i**nfluence on the country's food security.**
- **Market reforms and agricultural innovation** are two **major challenges** that have yet to be addressed.
- There are **issues in identifying beneficiaries.**

Indirect Farm Subsidies

- These are **not in the form of money,** but rather in the form of :
  - **Irrigation Subsidy**
  - **Power Subsidy**
  - **Fertilizer Subsidy**
  - **Seed Subsidy**
  - **Credit Subsidy**
  - **Farm loan waivers,**
  - **Investments in agricultural research, environmental assistance,**
  - **Farmer training,**
- Indirect Subsidies account for **around 2% of India's GDP.**

Examples

Power Subsidy	• Subsidy equivalent to the **difference b/w the price paid by the farmer for electricity usage and the real cost of generating electricity.**
Fertilizer Subsidy	• Subsidies provided to the farmer for sustained agricultural growth and balanced nutrient application. • **Fertilizer subsidies: Increased to around 70,000 crore** (around 45,000 crore for urea) in fiscal year 2018-19, up from 65,000 crore in fiscal year 2017-18.

Credit Subsidy	• Poor farmers are **cash stressed and cannot access the credit market** because they lack the collateral required for loans.
	• **To continue the production operation**s, they go **to local money lenders.**
	• **Credit subsidy: Difference b/w the interest charged by the farmer and the actual cost of giving credit.**
	• The government **raised the agriculture credit target** for fiscal 2020-21 to 11 lakh crores,
	  ○ But **30-40% of rural credit** is leaking out of the system,
	  ○ As **farmers take out loans at 3-4% interest** and then make fixed deposits.

Infrastructure Subsidy	● **Individual efforts :** To **construct such basic infrastructure** is **not viable due to long gestation periods of infrastructure projects**, so the government takes care of such costs. ● **Importance :** To carry out production and sales operation ○ **Transportation facilities.** ○ **Storage facilities.** ○ **Power.** ○ **Market information**.

Advantages and Issues of Farm Subsidies

Advantages of Farm Subsidies	● **Enable small and marginal farmers** - to maintain **a steady supply of inputs** and create jobs in the agricultural sector. ○ Subsidies **protect farmers from price fluctuations.**
Issues with Farm Subsidies	● **Food subsidies: Rs 1.70 lakh crore were allocated** in Budget 2018-19, ○ while **farm investment was only around Rs 3,000-Rs 4,000** crore, ○ Hence **food subsidies were deemed wasteful** rather than aiding agriculture. ● **Due to subsidised agriculture : overuse of fertilisers in the Green Revolution area** (Punjab, Haryana), leading to an unbalanced NPK Ratio, increased salinity, and diminished soil fertility. ● **Farmers in India : encouraged to devote more land and water** to **government-subsidized crops** (wheat, rice, sugar, and so on). ○ **Resulting in lower productivity and higher costs** for other things (fruits, vegetables, and so on). ● Subsidies: **Paid at the cost of development spending**, **resulting** in an unsustainable **fiscal deficit.** ● Subsidies **also skew cropping patterns.** ● Subsidies for fertilisers **primarily help fertiliser producers and large farms.** ● Subsidies **lower the incentive to improve, promoting inefficiency.**

Different ways of Disbursing

Direct Benefit Transfer	● **Initiated: In** Jan, 2013 with the **goal of reforming the government's delivery system.** ● **Aim: To make the transfer of information and payments** to beneficiaries easier and faster, to **prevent fraud** in the delivery system. ● **Schemes : DBT has 317 different schemes.** **# Some important** ● Pradhan Mantri **Fasal Bima Yojana** ● National **Food Security Mission** ● National Mission for **Sustained Agriculture** – NMSA-Rainfed Area Development ● Pradhan Mantri **Krishi Sinchai Yojana** ● PM **KISAN**

	● **Swachh Bharat Mission Gramin** ● **Atal Pension** Yojana ● Pradhan Mantri **Matsya Sampada Yojana** ● Ayushman Bharat – Pradhan Mantri **Jan Arogya Yojana (AB-PMJAY)** ● Deen Dayal Upadhyay **Grameen Kaushalya Yojna** ● **DAY-NRLM** ● **National AYUSH Mission** – Medicines under AYUSH Services
Income Support	**PM - KISAN** ● The **Pradhan Mantri Kisan Samman Nidhi (PM-KISAN)** ○ A **Central Sector Scheme** funded entirely by the Indian government. ● **Implemented by:** The **Ministry of Agriculture and Farmer Welfare.** ● Provides for the direct deposit of Rs 6,000 per year in 3 equal installments, directly to **bank accounts of all landholding farmers, regardless of the size of their holdings.** ● **Aim: To supplement the financial needs of Small and Marginal Farmers (SMFs), i**n obtaining **various inputs to guarantee proper crop health and yields,** which are **proportional to the expected farm income** at the end of each crop cycle. ● The **state / UT governments are solely responsible for identifying and locating beneficiary farmer families.** **Universal Basic Income** ● It is a **programme that provides a set amount of money** ○ To all people of a geographic area (a country or state), ○ **Regardless of their income, resources, or job status.** ● **UBI's major goal: to prevent or reduce poverty** while also increasing citizen equality. ● **Primary notion: all citizens**, regardless of their birth circumstances, are **entitled to a decent income.**

Food Corporation of India (FCI)

- **A public sector undertaking** under the **Ministry of Consumer Affairs, Food and Public Distribution's Department**.
- **Food Corporations Act of 1964**: **established FC**I as a **statutory organisation in 1965.**
  - It was **founded in the midst of a severe grain crisis, particularly wheat.**
- **Commission for Agricultural Costs and Prices (CACP)** : established in 1965
  - **To advise farmers on fair prices.**
- **Main responsibilities include:** purchasing, storing, moving/transporting, distributing, and selling food grains and other consumables.

 # FCI's main responsibilities include

- **Purchasing,**
- **Storing,**
- **Transporting,**
- **Distributing,**
- **Selling food grains** and other consumables.

FCI was tasked with three primary goals

- Maintaining **enough amounts of food grain buffer** reserves
  - **To ensure the nation's food security.**
- **Food grain distribution** for the Public Distribution System across the country.
- **Effective Price Support** Operations **to Protect Farmers' Interests.**

Commission for Agricultural Costs & Prices (CACP)

- A body of the **Ministry of Agriculture and Farmers Welfare.**
- **In January 1965:** The Commission for Agricultural Costs and Prices established. (CACP, formerly k/a the Agricultural Prices Commission)
- **To recommend minimum support prices (MSPs)**
  - to encourage farmers to embrace contemporary technologies,
  - **Increase productivity and overall grain production** in accordance with the country's changing demand patterns.
- **Each year:** the government **sets the MSP for main agricultural goods** after considering the Commission's recommendations.

National Food Security Act, 2013

Objective	● To **ensure availability to enough quantities of high-quality food** at affordable rates, ○ **For individuals to live a dignified existence** in the human life cycle.
Coverage	● Under the **Targeted Public Distribution System**, ○ Up to **50% of the rural** population and ○ Up to **75% of the urban population** can **get subsidised foodgrains (TPDS).** ● NFSA serves **a total of 67% of the population.**
Eligibility	● Priority Households **to be covered under TPDS,** ○ Consistent with guidelines by the government. ● **Households covered**: which are under existing Antyodaya Anna Yojana.
Provisions	● **5 kg of rice, wheat, or coarse grains per person each month** at Rs. 3/2/1 per kg. ● Existing AAY households: **continue to receive 35 kilogrammes of food grains per household/ month.** ● **During pregnancy and for 6 months after childbirth** : ○ **Pregnant women and lactating mothers** receive a meal and maternity **benefit of not less than Rs. 6,000.** ● Children **upto the age of 14 are served meals.** ● **Beneficiaries receive a food security allowance** ○ If they are **unable to obtain required foodgrains or meals.** ● The establishment of **grievance redress procedures at the district and state levels.**

World Trade Organisation and Agricultural Subsidies

- **In 1995:** WTO Agriculture Agreement (AoA) - **allowed industrialised nations to continue to pay farm subsidies,** but only under particular conditions.
- Agricultural subsidies have been **divided into several 'boxes'.**

WTO terminology

Green Box subsidies	● It includes **money spent on things like research, disease management, infrastructure, and food security,** ● **Direct payments to farmers** like income support that don't increase output. ● These **aren't regarded as trade-distorting**, and they're really encouraged.
Blue Box subsidies	● **Direct incentives to farmers to limit production**, as well as specific government support are included, ○ to **promote agricultural and rural development** in underdeveloped nations, ● Subsidies in the **Blue Box are seen to be trade-distorting.**
Amber Box subsidies	● It includes **all agricultural subsidies that do not fall into either the blue or green boxes,** ● such as : ○ Government policies of **Minimum Support Prices (MSP)** for agricultural products or ○ **Any assistance directly related to production quantities** (e.g. power, fertilizer, seeds, pesticides, irrigation, etc.). ● These are **subject to a commitment to reduce agricultural outputs** to the minimum level,

3 CHAPTER Budgeting

Annual Financial Statement (Budget)

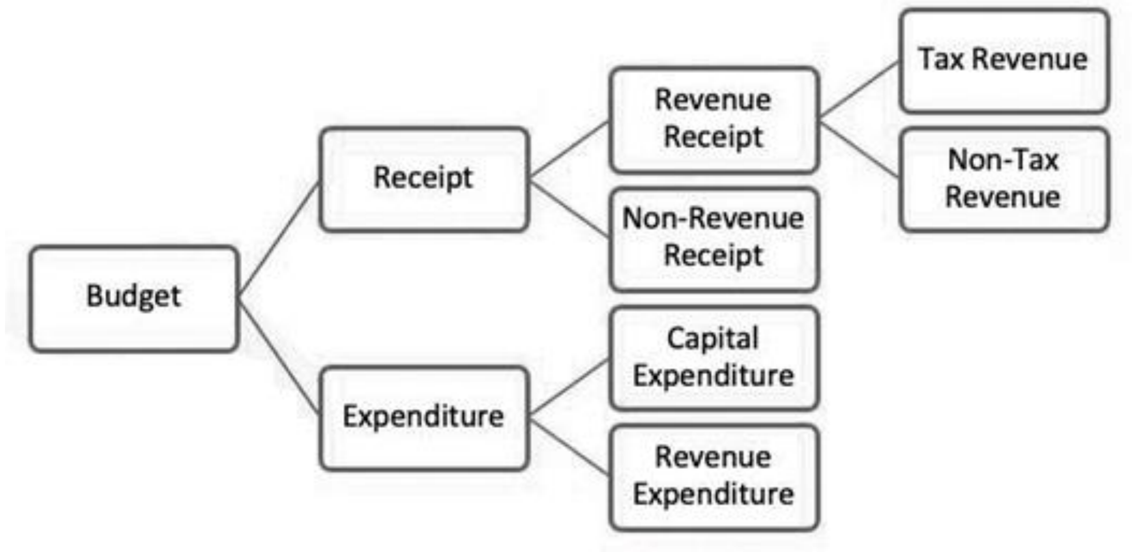
- **The term budget is nowhere used in the Constitution.**
- **Article 112 : Union Budget** - referred to as the **Annual Financial Statement (AFS).**
- It **consists of estimated receipts and expenditure** of the Government (One financial year). (from 1st April of the current year till 31st March of following year).

Types of Budget

Balanced Budget	• The government may spend **an amount equal to the revenue** it collects.
Surplus Budget	• If the **expected government revenues exceed the estimated government expenditure** in a particular financial year.
Deficit Budget	• If the estimated government **expenditure exceeds the expected government revenue** in a particular financial year.
Outcome Budget	• It is a budget that **convert outlays into outcomes,** • By **planning the expenditure, fixing appropriate targets, quantifying deliverables**. • Bringing to the knowledge of all, the outcomes for each scheme/programme under various ministries.
Gender Budgeting	• It is **not an accounting exercise** but an ongoing **process of keeping a gender perspective** in policy/ programme formulation, its implementation and review.
Zero Based Budgeting	• **All expenses are evaluated** each time a budget is made and expenses must be justified for each new period.
Sunset Budgeting	• **Announced with a deadline - designed to self-destruct** within a prescribed time.

Budget components

- Estimates of revenue and capital receipts.
- Ways and means to increase the revenue.
- Estimates of expenditure.
- Details of the actual receipts and expenditure (closing financial year).
- **The economic and financial policy of the coming year.**
  - **It includes** taxation proposals, prospects of revenue, spending programmes and introduction of new schemes/projects.



Receipts

Revenue Receipts	• **Tax Revenue:** collected by the government as **direct and indirect tax.** • **Non-Tax Revenue: Profits and dividends** from PSU's, **grants received** by government, **fiscal and general services**, **interest on loan** forwarded by government, **fees, penalties, fines etc.**
Non-Revenue Receipts	• **Loan taken** by the government which possesses **financial liability on the government.**

Expenditure

Revenue Expenditure	• **Expenditure not leading to creation of any assets** or reduction in liability.
	• **Eg: salaries** of government employees, **interest payment on loans, pensions**, subsidies, grants, rural development, education and health services, etc.
	• **Purpose: To ensure** normal **functioning of government machinery.**
	  ○ Not to build up any capital asset.
	  ○ **Recurring in nature**

Capital Expenditure	• Expenditure **either creates an asset** (Eg. school building) or **reducing liability** (Eg. repayment of loan). • **Repayment of loan** (it reduces liability). • **Non-recurring** in nature.

Developmental and Non-developmental Expenditure

Developmental Expenditure	**Non-Developmental Expenditure**
• All expenditures of **productive nature** • **Ex:** All investments on the heads of new factories, dams, bridges, roads, railways,etc	• The expenditures of **consumptive kind** and do not involve any production • **Ex:** paying salaries, pensions, interest payments, subsidies, defence expenses, etc.

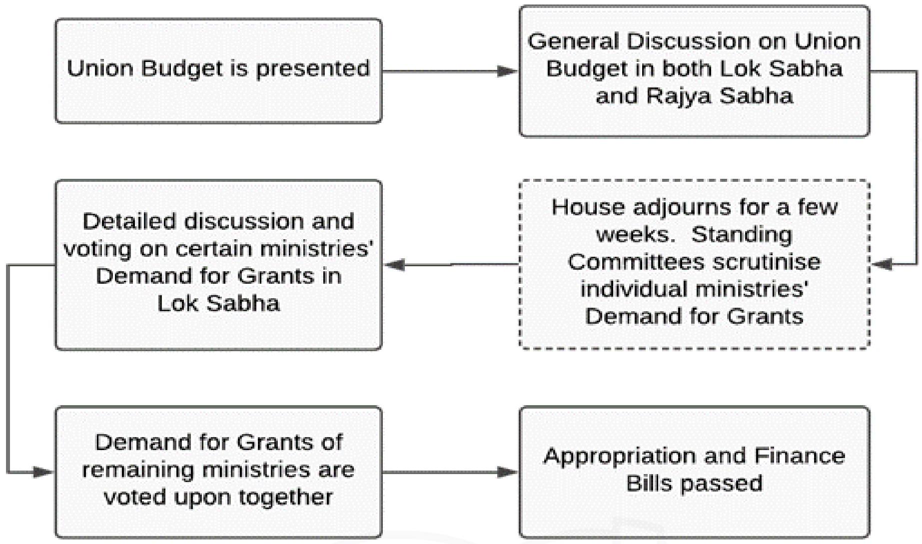
Plan and Non-Plan Expenditure

Plan Expenditure	Non Plan Expenditure
• All Expenditures - **done in India in the name of planning** • aka **Developmental expenditures** • **Ex:** all asset creating, and productive expenditures	• Expenditures : **Non-planned** • aka **non-developmental expenditures** • **Ex:**all consumptive, non-productive, non-asset buildings

Data in the Budget

Actual Estimates	• **Represent the real amount extended** by the government to the sector concerned.
Budget Estimates (BE)	• **Amount of money allocated in the Budget to any ministry or scheme for the coming financial year.** • Change from Actuals to BE represents the **compounded annual growth rate (CAGR)** for the period. • Represent the **government's wishes and ambitions**.
Revised Estimate (RE)	• A mid-year evaluation of potential expenditures, taking into consideration the remainder of the budget, new services and instruments of service, and so on. • These are not voted on by Parliament and hence do not give any authorisation for expenditure on their own. • Any extra projections made in the Revised Estimates must be approved by Parliament or by a Re-appropriation order before they may be spent.
Quick Estimate (QE)	• **Type of Revised estimate** showing the **most recent situation.** • Useful for **future projections for some sector or sub-sector.** • It also is an interim data.
Advance Estimate (AE)	• **Sort of a quick estimate** but in advance of the final stage when data is collected. • It is also an interim data.

Procedure of Enactment of Budget



Budget 2021

- **Focus:** Atma Nirbhar Bharat
- **Recurring theme : Employment generation**
- **Attracting foreign capital**

Funds Allocation

- **Health and well-being**
  - Allocation **increased from ₹ 94452 Cr to ₹ 2.23 lakh Cr (137% increase).**
  - **PM Atmanirbhar Swasth Bharat Yojana : ₹64180 Cr announced.**
- **Covid vaccination:** To spend **₹ 35000 Cr in FY22.**
- **Physical and Financial Capital and Infrastructure:**
  - **PLI** (Production Linked Incentives) : **For 13 sectors.**
  - Allocated **₹1.97 lakh Cr for 5 years** from FY22.
  - **National Infrastructure Pipeline (NIP):** The total value proposed - **₹111 lakh Cr ($1.5 tn).**
    - So far around 217 projects worth ₹ 1.1 lakh Cr - completed.
  - **Sharp increase in capital expenditure** - **₹5.54 lakh crore for FY22** (34.5% more than the budget estimate of FY21).
- **Banking:** Recapitalization of ₹20000 Cr for the state-run banks (2019-20 it was proposed to infuse ₹ 70000 Cr).

Economic Survey 2021

- **Economic contraction: projected at 7.7% for FY2021.**
- **GDP growth -** estimated at **11%(FY2022).**
- **The economy -** showing a **V-shaped recovery** (supported by **vaccination drive** for COVID-19).
- Projected **exports : to decline by 5.8%** and **imports by 11.3%**(In 2nd half of FY21).
- Expected **Current Account Surplus - 2%** of GDP (a **historic high after 17 years).**
- Many new firms have been created since 2014.