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***For 4thh sem. (Honours), paper-4026,***

***Public Policy & Administration in India***

**Topic:**

**Differences between Performance Budget and Line-item Budget:**

A performance budget sharply differs from the traditional budget i.e., line-item-budget. Two major points of distinctions between them are-

1. A performance budget presents public expenditure in terms of functions, programmes and activities and thus stands out from the line-item-budget which only emphasis staff, furniture and equipment.
2. A line-item-budget is prepared with an eye on the objects of expenditure. But a performance budget undertakes allocation of expenditure by reference to particular objectives and functions.

**Differences between Zero-based Budgeting and Traditional Budgeting:** Following are the major points of differences between zero-based budgeting and traditional budgeting:

1. Zero-based budgeting makes a decision oriented-approach, while traditional budgeting is accounting-oriented.
2. Zero-based budgeting is more clear and responsive in comparison to traditional budgeting.
3. In zero-based budgeting activities are divided into decision packages which are consolidated and then evaluated and ranked in order of priorities. But in traditional budgeting, the reference is made to paste level of spending and then demand is made for inflation and new programmes.
4. In zero-based budgeting the responsibility to decide about the amount to be spent on a particular decision unit is shifted from to management to the manger of decision unit. On the other hand, in traditional budgeting the top level management decides the amount to be spent on a particular decision unit.
5. In zero-based budgeting always makes a straight forward approach, while in traditional budgeting makes a routine approach.

**Differences between Surplus Budget and Deficit Budget:** Major points of distinction between surplus budget and deficit budget are listed below.

1. A deficit budget means that the expenses of a government have exceeded the tax income during that period, whereas a surplus budget means that the tax income of a government exceeds its expenses.
2. In general, deficit budget is very common, while surplus budget occurs rarely.
3. During periods when surplus budget is adopted tax reduction may be granted, but which is not available during deficit budget period.
4. Interest rate on and treasuries and securities will be high during the period of budget surplus, but is not common during deficit budget period.
5. Spending of a government will be high when there is a budget surplus, whereas saving, cost cuttings, and borrowing will be high when there is a deficit budget.
6. A surplus budget is recommended in the situation of inflationary trends in the economy whereas a deficit budget is suggested in the situation of recession.