View

Topic :Tax. 3rd year, 6th sem
Proportional taxe:proportional tax is the taxing mechanism in which the taxing authority charges the same rate of tax from each tax payer, irrespective of income. This means that lower class, middle class or upper class people pay the same amount of tax.
Progressive tax :A progressive tax is a type of tax that takes a larger percentage of income from taxpayers as their income rises. An example is income tax, where low tax for lowest income groups and high tax for higher income groups.
Regressive tax :A regressive tax is exactly opposite of progressive tax. Higher income group tax payers pay a smaller percentage of their income than lower income tax payers because tax is not based on ability to pay. An example, is state sales tax, where everyone pays the same tax rate regardless of their income.

Topic :Budget :3rd year, 6th sem
A govt budget is an annual financial statement or document prepared by the govt presenting it's anticipated revenues and proposed spending for the forthcoming fiscal year.
Balance budget:A govt budget is said to be a balance budget if the estimated govt expenditures is equal to expected govt receipts in a particular financial year.
Surplus budget :A govt budget is said to be surplus budget if the expected govt revenues exceed the estimated govt expenditures in a particular financial year.
Deficit budget :A govt budget is said to be a deficit budget if the estimated govt expenditures exceeds the expected govt revenues in a particular financial year.
Capital budget :A capital budget estimates inflows and outflows on account of capital expenses. Capital expenses means those expenses which will not be incurred regularly.
Revenue budget :A budget is said to be revenue budget if it includes income and expenditures for the year and those that will be incurred regularly in the running of

such a way to promote the overal economic development of the country.

7. Principle of Efficiency

The financial system should be wel organized and efficiently administered. There should be no scope for evasion and fraud. No one should be taxed more than once in a year. Double taxation should be avoided.

8. Principle of Administrative Economy

Economy is the important criterion of any federal financial system That is, the cost of collection should be at the minimum level and the major portion of revenue should be made available for the othe

5. Principle of Fisca Access

In a federal system, there should be possibility for the Central and State Governments to develop new source of revenue within thei prescribed fields to meet the growing financial needs. In nutshell the resources should grow with the increase in the responsibilities o the Go

6. Principle of Integration and coordination

The financial system as a whole should be well integrated. There should be a perfect coordination among different layers of the financial system of the country Then only the federal system wil prosper. This should be done ir

2. Principle of Equity

From the point of view of equity, the resources should be distributed among the different states so that each state receives a fair share of revenue. The allocation of resources should be made in such a way as to give equitable treatment to the individuals and business firms in different places.

3. Principle of Uniformity

In a federal system, each state should pay equal tax payments for federal finance. But this principle cannot be followed in practice because the taxable capacity of each unit is not of the same. Since this principle of uniformity emphasis on the uniformity of

Economy.

9. Principle of Accountability.

1. Principle of Independence

Under the system of federal finance, a Government should be autonomous and free about the internal financial matters concerned. It means each Government should have separate sources of revenue, authority to levy taxes, to borrow money and to meet the expenditure. The Government should normally enjoy autonomy in fiscal matters.

ral and state authorities.

Principles of Federal Finance

In the case of federal system of finance, the following main principles must be applied:

1. Principle of Independence.
2. Principle of Equity.
3. Principle of Uniformity.
4. Principle of Adequacy.
5. Principle of Fiscal Access.
6. Principle of Integration and dination.
7. Principle of Efficiency.
8. Principle of Administrative Economy

other.

What is Federal Finance?

Federal finance refers to the system of assigning the source of revenue to the Central as well as State Governments for the efficient discharge of their respective functions i.e. clear-cut division is made regarding the allocation of resources of revenue between the central and state authorities.

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Revenue budget :A budget is said to be revenue budget if it includes income and expenditures for the year and those that will be incurred regularly in the running of business.
Zero based budgeting :Zero based budgeting is a method of budgeting in which all expenses must be justified for each new period. The process of zero based budgeting starts from a zero base and every function within an organization is analyzed for it's need and cost.

That is, the cost of collection should be at the minimum level and the major portion of revenue should be made available for the other expenditure outlays of the Governments.

9. Principle of Accountability

In a federal set up, the Governments both Central and States enjoy financial autonomy Thus, in such a system each Government should be accountable to its own legislature for its financial decisions i.e the Central to the Parliament and the State to the Assembly.

ern of expenditure in all the states, equality of contribution imposes heavy burden on backward states.

4. Principle of Adequacy of Resources

The principle of adequacy means that the resources of each Government i.e. Central and State should be adequate to carry out its functions effectively. Here adequacy must be decided with reference to both current as well as future needs. Besides, the resources should be elastic in order to meet the growing needs and unforeseen expenditure like war, floods etc.

5. Principle of Fiscal