

Difference between Interim Budget and Union Budget

The main difference between the Interim Budget and Union Budget is that the Interim budget is passed prior to the general election, whereas the Union budget is passed in the Parliament. Now let us try to understand the basic difference between Interim Budget and Union Budget on various factors from the table provided below:

Key Differences between Interim Budget and Union Budget

Interim Budget

It is just before the general election, and when the Central Government do not have much time to present a full budget, then it passes the Interim Budget. It is an arrangement for the transition phase.

In the case of the Interim Budget, a Vote on the account is passed without any discussion in the Lok Sabha.

In the Interim Budget, the details of income and expenditure are documented for the previous year and the expenses for the coming months until the new Government comes into power are mentioned. However, the source of income will be missing from the Interim Budget statement.

The interim budget is presented before the general elections for 2 to 4 months of the fiscal year.

Union Budget

The Union Budget is the annual budget that the Central Government presents in the Parliament.

There is a full discussion in the Lok Sabha before the passing of the Union Budget.

The Union Budget, on the other hand, is a more detailed documentation of the two different parts. One part is related to the Government's previous year's income and expenses and the other part details the plan of the Government on how it will raise funds through different measures and how the same will be used for the nation's development.

Union Budget, on the other hand, being the primary financial statement of the Government, is for the entire fiscal year.

The Interim Budget only mentions a summary of the previous year's expenses and income.

Union Budget accounts for detailed information about the previous year's expenses and income.

In the Interim Budget, the component of income through taxes is not included.

The Union Budget will have a component of how Government will spend on various social welfare measures to bring development to the country, and it will also describe the methods of fundraising through taxes.

What is an Interim Budget?

The Central Government presents the Interim Budget when it does not have time to present a full budget as the general election is about to happen. The Finance Minister presents it in the joint sitting of Rajya Sabha and Lok Sabha. It contains detailed documentation of every expense and income through taxes for the coming few months, i.e., till the new Government is in place. A vote-on-account is passed via interim budget. This account is issued by the parliament to manage the expenditure. For this purpose, no formal discussion is required. Interim budget is sometimes called as the temporary full budget.

What is Union Budget?

The Union Budget, mentioned in Article 112 of the Constitution of India, is the statement of the Government's estimated income and expenditure for that particular year. It is also known as the annual financial statement. Each financial year must have a Union budget which is to be presented before the start of a new fiscal year.

The union budget is not only financial statement but also a financial reform platform. The union budget is prepared in a way to help improve the economic condition of the country by equal allocation of resources, reduction in poverty and increment in the per capita income of the country.