

Public budget can be classified on following grounds —

1) Classification according to time :- In terms of time factors, budgets are broadly of following three types —

1) Long term budgets :- Long term budgets are concerned with planning the operations of the govt over a prospective of five to ten years. They are usually in the form of physical quantities.

⑩ Short-term budget :- They are usually for a period of a year or two and ~~one~~ are in the form of production plan in monetary terms.

⑪ Current budget :- They cover a period of a month and as short-term budgets, they get adjusted to prevailing circumstances.

⑫ Functional classification :- The functional classification gives a better idea of govt expenditure as it goes by the purpose of expenditure rather than by departments of govt. It classifies public expenditure by specific govt. function such as defence, health education, promotion of agriculture. This type of classification gives useful information on purposes which the govt. expenditure serves.

⑬ Object classification :- The object classification elaborates further each of the heads of expenditure under functional classification. Functional classification of budget is made among what are described as major heads of expenditure like those under social services, economic services general services, community services etc. Each of these functions is again sub-divided into minor heads and sub-heads against which expenditure is shown separately. This is what is referred to as an object classification.

1) Economic classification :- Economic classification is a classification of government expenditure and receipts by economic ~~cat~~ categories that are of significance for analysing the short-term effects of government transactions in the working of the economy. This classification assist the decision makers in reviewing the ~~and~~ existing level of resources used for providing necessary correctives.

The various types of a govt budget are—

1) Surplus budget :- when in a govt budget ~~the~~ the amount of govt revenue from all sources is more than the amount of govt expenditure during a fiscal year is called a surplus budget. Govt uses surplus budget as an important tool to check the money supply in the economy during ~~into~~ inflation by increasing its revenue collection from public.

2) Balanced budget :- when in a govt budget the amount of govt revenue from all sources is equal to the amount of govt expenditure during a fiscal year, it is called a balanced budget.

3) Deficit budget :- when in a govt budget the amount of govt revenue from all sources falls short ~~and~~ off govt expenditure during a fiscal year, is called a deficit budget. The govt prepares deficit budget in times of deflation in order to boost the aggregate demand and raise the employment level. ✓