[Glossary]

[Government Budget Constraints]

Subject: Business Economics

Course: B.A., 4th Semester, Undergraduate

Paper No. & Title: Paper – 401 Macroeconomics – II

Unit No. & Title: Unit – 5(Five) Monetary and Fiscal Policy

Lecture No. & Title: 3(three): Government Budget Constraints

Glossary

- **Surplus Budget:** A budget surplus is a period when income or receipts exceed outlays or expenditures. A budget surplus often refers to the financial states of governments; individuals prefer to use the term 'savings' instead of the term 'budget surplus.' A surplus is an indication that the government is being effectively managed.
- **Deficit Budget:** When expenditures exceed income, the outcome is a budget deficit, which is funded by borrowing funds and paying interest on the borrowed money.
- **Primary Deficit:** Gross Primary Deficit is Gross Fiscal Deficit less interest payments. Net Primary Deficit is Net Fiscal Deficit minus net interest payments. Net interest payment is interest paid minus interest receipt.
- **Taxes:** A fee charged or levied by a government on a product, income, or activity. If tax is levied directly on personal or corporate income, then it is a direct tax. If tax is levied on the price of a good or service, then it is called an indirect tax.
- **Debts:** Debt is an amount of money borrowed by one party from another. A debt arrangement gives the borrowing party permission to borrow money under the condition that it is to be paid back at a later date, usually with interest.
- **Debt Stabilization:** Debt stabilization means changing taxes or spending in such a way that debt remains constant from then on