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BUDGETARY PROCESS IN PARLIAMENT

Budget is a powerful policy instrument in the hands of the Government to regulate and reshape country's fiscal and economic priorities. Budget is not only a device to bring about macroeconomic stabilization, but is also a mechanism for achieving developmental goals of accelerating growth, reduction of poverty and generation of employment. It spells out the broad economic and financial objectives of the Government and its commitment towards progress, prosperity and welfare of the people.

As per Article 112 (1) of the Constitution, the Budget or the Annual Financial Statement containing the estimated receipts and expenditure of the Government of India in respect of a financial year is caused to be laid by the President before both the Houses of Parliament. Preparation and presentation of the Budget for the approval of the Parliament is, therefore, a constitutional obligation of the Government of India. Without the approval of the Parliament, no money can be withdrawn by the Government from the Consolidated Fund of India. Thus, the Parliament has effective control over the financial matters of the country.

Presentation of the Budget

The Budget is presented to the Lok Sabha on such day as the President directs. About a fortnight before the commencement of the Budget Session, the Government forwards to the Lok Sabha Secretariat a provisional programme of dates for the financial business during the Budget Session, including the dates of presentation of the Railway and the General Budgets. After the Speaker has approved the dates of presentation of the Budgets, the approval of the President is sought by the Secretary-General, Lok Sabha. Once the President approves these dates, a paragraph to this effect is published in the *Bulletin Part II* for information of the members.

The Budget is presented to the Lok Sabha in two parts:—

(i) Railway Budget, pertaining to the Railway Finance; and

(ii) General Budget, which gives an overall picture of the financial position of the Government of India, excluding Railways.

While presenting the Budget, the Minister concerned, namely, the Minister of Railways or the Minister of Finance, as the case may be, delivers the Budget Speech and lays the Annual Financial Statement, duly authenticated by the Minister concerned, on the Table of the House. There is no discussion on the Budget at that time. After the presentation of the Budget in the Lok Sabha, a copy thereof is simultaneously laid on the Table of the Rajya Sabha.

The presentation of the General Budget is followed by introduction of the Finance Bill, and thereafter, the Lok Sabha adjourns for the day. There is no Question Hour on the day of presentation of the General Budget in the House. However, the House is not adjourned for the day after the presentation of the Railway Budget.

The Government can come before the House with more than one Budget or Annual Financial Statement. In an election year, Budget (Railway and General) may be presented twice—first to secure a Vote on Account for a few months and later in full. The full-fledged Budget may be presented on any day as may be convenient to the Government formed after the election.

Box-1: Glossary of Important Budgetary Terms

Demands for Grants: Statement of estimates of expenditure (of the Ministries/Departments) to be incurred out of the Consolidated Fund of India. Estimates of expenditure other than those 'charged' upon the Consolidated Fund of India require approval of the House of the People.

Vote on Account: Grants made in advance in respect of the estimated expenditure for a part of any financial year, pending the voting of the final Demands. The period covered by the Vote on Account is generally two months. However, in an election year, Vote on Account is taken for a longer period.

Fiscal Policy: Fiscal policy is a change in government expenditure and/or taxation designed to control/influence the level of aggregate demand in the economy. Governments usually bring about changes in taxation, volume of spending and size of the budget deficit or surplus to affect public expenditure.

Consolidated Fund of India: All revenues received by the Government of India, the loans raised by it, and receipts from recoveries of loans granted by it, form the Consolidated Fund of India.

Contingency Fund of India: Fund into which the Government dips its hands in emergencies, to meet urgent, unforeseen expenditures pending authorization of such expenditure by the Parliament. At present, the Corpus of the Fund is Rs. 500 crores.

Public Accounts: It is an account where moneys received through transactions not relating to Consolidated Fund are kept.

Expenditure 'Charged' on the Consolidated Fund of India: The emoluments and allowances of the President; salaries and allowances of the Chairman and the Deputy Chairman, Rajya Sabha, Speaker and the Deputy Speaker, Lok Sabha; salaries, allowances and pensions of Judges of the Supreme Court and the C&AG; pensions payable to the Judges of the High Courts; debt charges of the Government; payments to satisfy decrees of courts, etc. are 'charged' on the Consolidated Fund of India. These expenditures are not submitted to the vote of Parliament. However, Houses may discuss these items.

Receipt Budget: The Receipt Budget consists of (i) Revenue Receipts and (ii) Capital Receipts. While Revenue Receipts explain the estimates of revenues received by the Government—tax revenue and non-tax revenue, Capital Receipts include market loans, external loans, small savings, Government Provident Funds and accretions to various Deposit Accounts.

Expenditure Budget: It contains expenditure estimates made for the schemes or programmes under both the revenue and the capital heads. These estimates are brought together and shown on a net basis at one place by major heads.

Performance Budget: A Budget prepared *ex-post facto* to compare actual results of the Government Programmes with costs that should have been incurred at the actual level attained. Performance Budget has been merged with the Outcome Budget from the year 2007-2008.

Outcome Budget: An Outcome Budget measures the development outcomes of all the Government programmes. Outcome Budget is, in fact, a means to develop a linkage between the money spent by the Government and the results which follow.

Revenue Foregone: The level and distribution of tax are affected by a range of factors: special tax rates, exemptions, deductions, rebates, deferrals, and credits. These measures are sometimes called tax preferences. These may be looked at as subsidy payments to preferred taxpayers. Such inexplicit payments are referred to as revenue foregone. Statement of Revenue Foregone lists the revenue impact of tax incentives or tax subsidies that are a part of the tax system of the Central Government.

Capital/Revenue Expenditure: The expenditures which are incurred with the object of acquiring tangible assets of a permanent nature such as land, building, machinery and equipment are broadly defined as capital expenditure. On the other hand, revenue expenditure meant for normal running of government departments and various services, interest charges on debt incurred by the Government and subsidies, etc.

Plan/Non-Plan Expenditure: Plan expenditure consists of expenditure of the Central Government on the Central Plans and Central Plan Assistance to States and Union Territories (UTs). Non-Plan expenditures include the expenses that do not form part of the Government's Plans. These expenses consist of expenditure on interest payments, defence expenditure, subsidies, loans to public sector enterprises, loans as well as grants to State Governments, UTs and foreign governments.

Guillotine: A device to bring the debate on financial proposals to an end by putting the outstanding Demands to vote by the House without discussion.

Appropriation Bill: A Bill presented to Parliament for approval providing for the withdrawal or appropriation by the Government from and out of the Consolidated Fund of India of moneys required to meet the grants approved by the House of the People and the expenditure 'charged' on the Consolidated Fund of India, but not exceeding the amount shown in the Budget. It is an instrument that Parliament clears after the Demands for Grants have been voted by the House of the People.

Finance Bill: It contains the Government's proposals for imposition of new taxes, modification of the existing tax structure or continuance of the existing tax structure for the following financial year. Being a Money Bill, the Finance Bill is transmitted to the Rajya Sabha for recommendations after it is passed by the Lok Sabha.

Railway Budget

The Railway Budget is presented to the Lok Sabha by the Minister of Railways before the presentation of the General Budget sometime in the third week of February. The separation of the Railway Finance from the General Finance came about in 1925 when a separate Railway Budget was presented for the first time. The primary idea behind this separation was to secure stability for civil estimates by providing for an assured contribution from Railway Revenues and also to introduce flexibility in the administration of the Railway Finance.

The Railway Budget papers usually contain the following documents:—

(a) Speech of the Minister of Railways presenting the Railway Budget

(b) Key to Budget Documents

(c) Budget of the Railway Revenue and Expenditure of the Central Government

(d) Explanatory Memorandum on the Railway Budget

(e) Memorandum explaining the proposals for adjustments in freight rates and fares in the Railway Budget

(f) Demands for Grants (Railways)—Part I and II

(g) Works, Machinery and Rolling Stock Programme of the Railways
Part-I/(Summary)
Part-II/A&B (Detailed Programme of the Railways)

(h) Outcome and Performance Budget of the Railways

(i) Indian Railways Safety Performance

(j) Indian Railways—Year Book

(k) Indian Railways—Annual Report and Accounts

General Budget

By convention, the General Budget is presented to the Lok Sabha by the Minister of Finance on the last working day of February every year. Prior to the year 1999, the General Budget used to be presented on the last working day of February at 5 P.M. However, in 1999, the General Budget was presented to the Lok Sabha at 11 A.M. and in the year 2000 at 2 P.M. The practice now being followed since the year 2001 is to present the General Budget at 11 A.M. instead of 5 P.M.

Contents of the General Budget

The General Budget is presented to the House in such form as the Minister of Finance may settle after considering the suggestions, if any, of the Estimates Committee. In fact, the Estimates Committee suggests changes in the form and contents of the Demands for Grants from time-to-time.

The General Budget papers usually contain the following documents:—

(a) Speech of the Minister of Finance (Part A and Part B)[1]

(b) Key Features of the Budget

(c) Budget at a Glance

(d) Annual Financial Statement

(e) Finance Bill

(f) Demands for Grants of the Central Government (excluding Railways)

(g) Memorandum Explaining the Provisions in the Finance Bill

(h) FRBM Statements[2]:

(i) The Macro Economic Framework Statement

(ii) The Medium Term Fiscal Policy Statement

(iii) The Fiscal Policy Strategy Statement

(i) Key to the Budget Documents

(j) Expenditure Budget, Volume-1

(Incorporating Explanatory Memorandum and Plan Budget)

(k) Expenditure Budget, Volume-2

(Incorporating Notes on Demands for Grants)

(l) Receipts Budget

(Incorporating Receipts, Recoveries of Loans, other Capital Receipts and Debts position of the Central Government)

(m) Statement of Revenue Foregone

(n) Implementation of Budget Announcements

Immediately after laying of the above documents/ statements, the Finance Minister introduces, in the Lok Sabha, the Finance Bill to give effect to the financial proposals of the Government of India for the following financial year.

Briefly, the Budget contains—(i) review of the public finance of the previous year including the actual receipts and expenditure of that year; (ii) estimates of the receipts and expenditure of the current year; and

[1] The Budget Speech of the Minister of Finance is divided into two parts: Part A of the Budget Speech deals with the general economic survey and overall view of the economic condition in the year and the prospects in the following year. Part B of the Budget Speech contains taxation proposals *i.e.* change in taxation and other sources of revenue for the coming financial year.

[2] The Fiscal Responsibility and Budget Management (FRBM) Act, 2003 and the Fiscal Responsibility and Budget Management Rules, 2004 require laying before both Houses of Parliament the following statements alongwith the Annual Financial Statement and the Demands for Grants—(i) The Macro Economic Framework Statement; (ii) The Medium-Term Fiscal Policy Statement; and (iii) The Fiscal Policy Strategy Statement. Accordingly, the above-mentioned statements are being laid annually since the year 2004.

(iii) proposals for meeting the requirements of the following year. Accordingly, the Budget sets forth the receipts and expenditure of the Government for three consecutive years. It gives:—(i) the Actuals for the preceding year; (ii) the Revised Estimates for the current year; and (iii) the Budget Estimates for the ensuing year.

Under the Constitution, certain items of expenditure such as emoluments and allowances of the President; salaries and allowances of the Chairman and the Deputy Chairman of the Rajya Sabha and the Speaker and the Deputy Speaker of the Lok Sabha; salaries, allowances and pensions of the Judges of the Supreme Court and the Comptroller and Auditor General of India; pensions payable to the Judges of the High Courts; interest on the repayment of loans raised by the Government and the payments to satisfy decrees of courts, etc., are "charged" on the Consolidated Fund of India. The "charged" items are shown separately in the Annual Financial Statement.

Capital Budget and Revenue Budget

As per the provisions of the Constitution, Budget has to distinguish expenditure on revenue account from other expenditure. Significant expenditure incurred with the object of acquiring tangible assets of a permanent nature for use in the organisation and not for sale in the ordinary course of business or enhancing the utility of the existing assets, are broadly defined as capital expenditure. Subsequent charges on maintenance, repair, upkeep and working expenses, which are required to maintain the assets in a running order as also all other expenses incurred for the day-to-day running of the organisation, including establishment and administrative expenses, are classified as revenue expenditure. Expenditure of a capital nature is distinguished from revenue expenditure both in the Budget Estimates and in Government Accounts. Government Budget, therefore, comprises (i) Capital Budget; and (ii) Revenue Budget. The Budget documents also exhibit broad break-up of expenditure—plan and non-plan, sectoral allocation of plan outlays and details of resources transferred by the Central Government to the State and the Union Territory Governments.

Receipts and Payments of the Government

The Budget statement shows the receipts and payments of the Government of India under the three parts in which the Government accounts are kept, namely, (i) Consolidated Fund of India; (ii) Contingency Fund of India; and (iii) Public Accounts.

Consolidated Fund of India: All revenues received by the Government of India, all loans raised by the Government by the issue of treasury bills, loans on ways and means, advances and all money received by the Government in repayment of loans are credited to the Consolidated Fund of India. All expenditure of the Government is incurred from this Fund and no amount can be withdrawn from the Fund without the authorization of the Parliament.

Contingency Fund of India: The Contingency Fund of India is an imprest placed at the disposal of the President to meet urgent unforeseen expenditure pending authorisation by the Parliament. Parliamentary approval for such expenditures and for withdrawal of an equivalent amount from the Consolidated Fund of India is subsequently obtained, and the amount spent from the Contingency Fund is recouped to the Fund. The Corpus of the Fund authorised by the Parliament, at present, is Rs. 500 crores.

Public Accounts: Besides the normal receipts and expenditures of the Government which relate to the Consolidated Fund of India, certain other transactions enter Government account in respect of which Government acts more as a banker, for example, transactions relating to Provident Fund, small savings, collections, other deposits, etc. The money thus received are kept in the Public Account and the connected disbursements are also made therefrom.

Box-2: Stages of Discussion on the Budget

In Lok Sabha	In Rajya Sabha
(i) General Discussion on the Budget	(i) General Discussion on the Budget
(ii) Vote on Account	(ii) Consideration of Demands for Grants by the Departmentally-Related Standing Committees
(iii) Consideration of Demands for Grants by the Departmentally-Related Standing Committees	(iii) Discussion on the working of the Ministries
(iv) Discussion and Voting on Demands for Grants	(iv) Consideration and return of the Appropriation Bill to the Lok Sabha
(v) Consideration and passing of the Appropriation Bill	(v) Consideration and return of the Finance Bill to the Lok Sabha
(vi) Consideration and passing of the Finance Bill	

General Discussion on the Budget

General discussion on the Budget is usually initiated first in the Lok Sabha and then in the Rajya Sabha as it is the prerogative of the Lok Sabha to discuss it and make modifications.[3] On a day appointed by the Speaker, subsequent to the day of presentation of the Budget and for such time as the Speaker may allot, the House is at liberty to discuss the Budget as a whole or any question of principle involved therein, but no motion can be moved nor is the Budget submitted to the vote of the House at this stage. The Minister of Finance has a general right to reply at the end of the discussion.

The scope of discussion at this stage is confined to examination of the general scheme and the structure of the Budget. The discussion has to be limited to the point whether the items of expenditure ought to be increased or decreased having regard to the importance of a particular item and also to the manner in which the Budget is framed. The policy of taxation as expressed in the Budget and in the Speech of the Minister of Finance remains within the purview of general discussion. Grievances, which have no relation to the points raised in the Speech of the Minister of Finance or do not directly arise out of the proposed expenditure are not in order at this stage. Specific points or grievances and details of taxation and expenditure can be gone into when the Demands for Grants and the Finance Bill are before the House.

Vote on Account

Since the whole process beginning with the presentation of the Budget and ending with discussion and voting on the Demands for Grants required sufficiently long time, a provision has been made in the Constitution which empowers the Lok Sabha to make any grants in advance in respect of the estimated expenditure for a part of any financial year, pending the completion of the procedure for the voting of the Demands for Grants and passing of the connected Appropriation Bill. It is known as Vote on Account. The purpose of a Vote on Account is to keep the Government functioning, pending the voting of the final Demands. The period covered by the Vote on Account is generally two months and the amount is approximately one-sixth of total Demands. In an election year, Vote on Account is taken for a longer period. The procedure regarding the Vote on Account was introduced for the first time in the Lok Sabha in the Budget Session in 1951. Like the General Budget, Vote on Account for two months (April-May) is also taken in the case of Railway Budget, so as to facilitate the consideration of Demands for Grants for Railways by the Standing Committee on Railways.

Consideration of Demands for Grants by the Departmentally Related Standing Committees (DRSCs)

The year 1993 ushered in a new era in the history of Indian Parliament when 17 Departmentally Related Standing Committees (DRSCs) were constituted. In order to facilitate the Standing Committees to expeditiously examine and make report to the Houses on the executive policies, legislative and budgetary proposals, etc., the number of Departmentally Related Standing Committees was increased from 17 to 24 with effect from July 2004. Each Standing Committee now consists of 31 members, 21 members to be nominated by the Speaker from amongst the members of the Lok Sabha and 10 members to be nominated by the Chairman, Rajya Sabha, from amongst the members of the Rajya Sabha. Out of these 24 Departmentally Related Standing Committees, 8 are under the jurisdiction of the Rajya Sabha and 16 are under the jurisdiction of the Lok Sabha. All the Ministries and Departments of the Government of India are covered under the jurisdiction of the Standing Committees.

The DRSCs with their respective jurisdictions for examination of the Demands for Grants of the Ministries/ Departments are given in the following table:

Box-3: DRSCs under the Jurisdiction of the Lok Sabha/Rajya Sabha

DRSCs under the Lok Sabha	DRSCs under the Rajya Sabha
1. Committee on Agriculture	1. Committee on Commerce
2. Committee on Information Technology	2. Committee on Home Affairs
3. Committee on Defence	3. Committee on Human Resource Development
4. Committee on Energy	4. Committee on Industry
5. Committee on External Affairs	5. Committee on Science & Technology and Environment & Forests
6. Committee on Finance	6. Committee on Transport, Tourism and Culture
7. Committee on Food, Consumer Affairs and Public Distribution	7. Committee on Health and Family Welfare
8. Committee on Labour	8. Committee on Personnel, Public Grievances, Law and Justice
9. Committee on Petroleum and Natural Gas	
10. Committee on Railways	
11. Committee on Urban Development	
12. Committee on Water Resources	
13. Committee on Chemicals and Fertilizers	
14. Committee on Rural Development	
15. Committee on Coal and Steel	
16. Committee on Social Justice & Empowerment	

[3] On certain occasions, however, discussion in the Rajya Sabha was started before it commenced in the Lok Sabha.

The functions of each of the DRSCs with respect to the Budget and related matters are:—

(i) to consider the Demands for Grants of the Ministries/Departments concerned and make a report on the same to the House(s). The report shall not suggest anything of the nature of cut motion; and

(ii) to consider annual reports of Ministries/ Departments and make a report thereon.

After the General Discussion on the Budget in the Houses is over, the Houses are adjourned for a fixed period to enable the DRSCs to consider the Demands for Grants. These Committees consider the Demands for Grants of the Ministries/Departments under their jurisdictions and make report thereon to the Houses. Thus, through the DRSCs the Parliament exercises effective control over the expenditure of the Executive as the Demands for Grants of all the Ministries/ Departments of the Government of India are subject to strict committee scrutiny before these are finally voted by the House(s).

Discussion and Voting on Demands for Grants

Demands for Grants

The estimates of expenditure from the Consolidated Fund of India, included in the Budget statement and required to be voted by the Lok Sabha, are submitted in the form of Demands for Grants. The Demands for Grants are not formally presented or laid on the Table of the Lok Sabha. These form part of the Budget papers and are distributed to Members alongwith Budget documents. The Lok Sabha has the power to assent; or to refuse to assent to any Demand or to assent to any Demand subject to reduction of the amount specified therein.

Each Demand first gives the total of 'voted' and 'charged' expenditure as also the 'revenue' and 'capital' expenditure included in the Demand separately, and also the grand total of the amount of expenditure for which Demand is presented. This is followed by the estimates of expenditure under different heads. The break-up between 'Plan' and 'Non-Plan' is also given.

The estimates of expenditure 'charged' on the Consolidated Fund of India are not submitted to the Vote of the House. The House has, however, every right to discuss the same. Members may also ask for any information relating to those items.

Discussion on Demands for Grants

After the presentation of the Budget, the Minister of Parliamentary Affairs holds a meeting of the leaders of parties/groups in the Lok Sabha in regard to the selection and order of discussion on Demands for Grants of the Ministries which are to be discussed in the House and time to be allotted thereon. On the basis of the decisions arrived at this meeting, Government forwards the proposals for the consideration of the Business Advisory Committee. The Business Advisory Committee after considering the proposals submitted by the Government makes a report to the House. After the adoption of the report by the House, the allocation of time to various Ministries whose Demands for Grants are to be discussed in the House, is published in *Bulletin Part-II*.

The Minister of Parliamentary Affairs, after consulting the programme and convenience of the Ministers concerned, prepares a timetable showing the dates on which the Demands of the various Ministries would be taken up in the House and forwards the same to the Lok Sabha Secretariat. This is also published in *Bulletin Part-II* for the information of Members and Ministries.

The Demands for Grants are not formally moved in the House by the Minister(s) concerned. These are deemed to have been moved and are proposed from the Chair. However, a Minister can initiate discussion on the Demands for Grants relating to the Ministry concerned.

At the time of discussion on the Demands for Grants in respect of a Ministry, the debate is essentially confined to a matter which is under the administrative control of that Ministry and each head of the Demand as is put to the Vote of the House. At this stage, it is open to the Members to disapprove a policy pursued by a particular Ministry or to suggest measures of economy in the administration of that Ministry or to focus attention of the Ministry to specific local grievances.

Cut Motions

When the Demands for Grants are discussed, motions can be moved for reducing the amount of any Demand for Grant. These motions are called Cut Motions. Cut Motion is a device for initiating discussion on Demands for Grants, so that the attention of the House is drawn to the matter specified in a Cut Motion. The Cut Motions are normally tabled by Members of the Opposition. The Members of the Treasury Benches (Government Party) do not generally table such notices, as it may amount to a vote of censure against their own Government. Cut Motions may be divided into the following three categories:—(i) Disapproval of Policy Cut; (ii) Economy Cut; and (iii) Token Cut.

Disapproval of Policy Cut: Where the object of a motion is to disapprove of the policy underlying a demand, its form is *"that the amount of the demand be reduced to 1"*. While giving notices for such Cut Motions, the Members have to indicate in precise terms the particulars of the policies which they propose to discuss. The discussions are confined to the specific points mentioned in the notices and are open to the Members to advocate alternative policies.

Economy Cut: If it is contended that an economy in the expenditure can be effected, the form of the motion is *"that the amount of the demand be reduced by a specified amount"*. The amount suggested for reduction may be either a lump sum reduction in the Demand or omission or reduction of an item in the Demand.

The Members giving notices have to indicate briefly and precisely the particular matters on which discussions are sought to be raised and their speeches should be confined to the discussion as to how economy can be effected.

Token Cut: In order to ventilate a specific grievance within the sphere of the responsibility of the Government of India, a motion moved in the form *"that the amount of the demand be reduced by 100"* is called a Token Cut. The discussion on such a motion is limited to a particular grievance specified in the motion.

It is the Speaker who decides whether a cut motion is or not admissible.

Box-4: Annual Reports of the Ministries

In connection with the discussion on Demands for Grants of various Ministries/Departments, copies of the Annual Reports on the working of the Ministries/Departments are supplied by the Ministries/Departments concerned to the Lok Sabha Secretariat. On receipt in the Lok Sabha Secretariat, the copies of the Annual Reports are distributed to the Members.

Box-5: Outcome Budget

Till the year 2006, copies of the Performance Budgets received from the respective Ministries/ Departments were made available to members in connection with discussion on the Demands for Grants. As certain weaknesses had crept in the performance budget documents, the Ministry of Finance in the year 2006 introduced the concept of Outcome Budget which contains a brief introductory note on the organisation and function of the Ministry/Department, list of major programmes/schemes implemented by the Ministry/Department, its mandate, goals and policy framework, budget estimates, scheme-wise analysis of physical performance and linkage between financial outlays and outcome, review covering overall trends in expenditure *vis-à-vis* budget estimates in recent years, review of performance of statutory and autonomous bodies under the administrative control of the Ministry/Department, reform measures, targets and achievements and plan for future refinements. Accordingly, on 25 August 2005, the Minister of Finance laid before the House for the first time Outcome Budget 2005-06 in respect of the various Ministries and Departments. In March 2006, both the Outcome Budget, 2006-07 and Performance Budget, 2005-06 of the various Ministries/Departments were laid before the House separately by the Ministries concerned. The Ministry of Finance, in December 2006, merged the Performance Budget with the Outcome Budget. Accordingly, beginning with the Budget, 2007-08, a single document titled Outcome Budget of the various Ministries and Departments is being made available to members in connection with the discussion on the Demands for Grants.

Guillotine

On the last day of the days allotted for discussion on the Demands for Grants at the time fixed in advance, the Speaker shall put all the outstanding Demands for Grants to the vote of the House. This process is known as Guillotine. It is a device for bringing the debate on financial proposals to an end within a specified time. Consequently, outstanding Demands have to be voted by the House without discussion.

When the time for applying the Guillotine is reached, the Speaker asks the Member or the Minister whoever is in the possession of the House to resume seat, and the Cut Motions which have been moved are immediately put to vote and disposed of. The Demands for Grants which are under discussion are then put to vote and disposed of. Thereafter, cut motions to the Outstanding Demands for Grants which have been moved are disposed of and the Outstanding Demands guillotined.

Consideration and Passing of the Appropriation Bill

The assent by Lok Sabha of the Demands for Grants does not by itself authorise the issue of money out of the Consolidated Fund of India to meet the grants. The Constitution lays down that no money shall be withdrawn from the Consolidated Fund of India except under appropriation made by law. The relevant Appropriation Act is, therefore, the sole legal authority for the appropriation of money from the Consolidated Fund of India to meet the grants assented by Lok Sabha. The Appropriation Bill is introduced in the Lok Sabha after the Demands for Grants have been voted by the Lok Sabha. Introduction of the Bill cannot be opposed. The debate on the Appropriation Bill is restricted to matters of public importance or administrative policy implied in the grants covered by the Bill which have not already been raised while the relevant Demands for Grants were under discussion.

After the Lok Sabha passes the Appropriation Bill, it is transmitted to the Rajya Sabha for its recommendations. The Rajya Sabha has to return the Bill within 14 days from the date of its receipt to the Lok Sabha with or without recommendation(s). The Lok Sabha may either accept or reject all or any of the recommendations of the Rajya Sabha.

Consideration and Passing of the Finance Bill

As stated earlier, the Finance Bill is introduced in the Lok Sabha immediately after the General Budget is presented by the Minister of Finance. The motion for leave to introduce a Finance Bill cannot be opposed. The Finance Bill is introduced in the Lok Sabha with the recommendation of the President as provided in the Constitution. A Finance Bill invariably attracts the provisions of sub-clause (a) of Article 110(1) of the Constitution, namely the imposition, abolition, remission, alteration or regulation of any tax, and is certified by the Speaker as a Money Bill.

The Finance Bill seeks to give effect to the financial proposals of the Government of India for the next financial year. The Finance Bill submits to the jurisdiction of the Houses all the Acts which it deals with *e.g.* the Income Tax Act, Central Excise Act, Central Sales Tax Act, etc. and the House can amend all or any of such

Acts to the extent they are dealt with in this Finance Bill. There may be more than one Finance Bill during a year. Usually in an election year, the Budget is presented twice and two Finance Bills are introduced.

The Finance Bill usually contains a declaration under the Provisional Collection of Taxes Act, 1931 to the effect that certain provisions of the Bill relating to imposition or increase in duty of customs or excise shall come into force immediately. According to Section 4 of the said Act, the declared provisions come into force on the expiry of the day on which the Bill is introduced and cease to have the force of law on the expiry of the seventy fifth day after the day on which the Bill was introduced. As such the Finance Bill is required to be passed and assented to within a period of seventy five days of its introduction. Therefore, as a convention, the Finance Bill is not referred to Standing Committee for examination and report thereon.

During the discussion on Finance Bill, members can discuss matters relating to general administration, local grievances within the sphere of the responsibility of the Government of India, or monetary or financial policy of the Government. A member can discuss any action of the Government of India but actions of a State Government cannot be criticised in the discussion of a Finance Bill.

The Finance Bill containing the annual taxation proposals is considered and passed by the Lok Sabha only after the Demands for Grants have been voted and the total expenditure is known. There is, however, no statutory bar to consider a Bill containing permanent taxation measures before the Demands for Grants have been voted.

After the Finance Bill has been passed by the Lok Sabha, it is transmitted to the Rajya Sabha for its recommendations. Finance Bill, being a Money Bill, is required to be returned by the Rajya Sabha within a period of 14 days from the date of its receipt with or without recommendation(s). If the Rajya Sabha returns the Bill with its recommendation(s), the Lok Sabha may either accept or reject all or any of the recommendations made by the Rajya Sabha. If, however, the Bill is not returned by the Rajya Sabha within the stipulated period of 14 days, it is deemed to have been passed by both the Houses of Parliament at the expiration of the said period in the form in which it was passed by the Lok Sabha.

Other Post-Budgetary Devices

While parliamentary supremacy is maintained in the financial matters of the country by ensuring effective control over the Budget, the Constitution also provides for meeting additional, excess, exceptional and unexpected demands for money under articles 115 and 116. These include: Supplementary Demands for Grants, Token Grants, Excess Grants, Votes of Credit and Exceptional Grants.

Supplementary Demands for Grants: If the amount authorised to be expended for particular service for current financial year is found to be insufficient for the purpose of that year or when a need has arisen during the current financial year for supplementary or additional expenditure upon some 'new service' not contemplated in the Annual Financial Statement for that year, the President causes to be laid before both the Houses of Parliament, another statement showing the estimated amount of that expenditure. The Demands for Supplementary Grants must be presented to and passed by the Houses before the end of the financial year.

Token Grants: When funds to meet proposed expenditure on a "new service" can be made available by reappropriation, a demand for the grant of a token sum is submitted to the vote of the House and, if the House assents to the demand, funds are so made available. Token Grants generally form part of Supplementary Demands for Grants.

Demand for Excess Grants: If any money has been spent on any service during a financial year in excess of the amount granted for the service in that year, the President causes to be presented to the House a Demand for such excess. All cases involving excesses are brought to the notice of the Parliament by the Comptroller & Auditor General (C&AG) through its report on the Appropriation Accounts. The excesses are then examined by the Public Accounts Committee which makes recommendations regarding their regularisation in its report to the House. The Government thereafter presents to the Lok Sabha the Demands for Excess Grants. The Demands for Excess Grants are to be presented to the House in the Session in which the PAC presents its report thereon or in the following Session.

Vote of Credit: On account of some national emergency, Government may require funds to meet an unexpected demand for money for which it may not be possible to give detailed estimate. In such a case, the House might grant the lump sum money without details through a Vote of Credit passed by the House.

Exceptional Grants: An exceptional grant is made for a particular and special purpose which does not form part of the ordinary expenditure of the financial year. In that case, the House may separately grant funds for that special purpose.

Supplementary, additional, excess or exceptional grants and votes of credit are regulated by the same procedure as is applicable in the case of Demands for Grants, subject to such adaptations whether by way of modification, addition or omission, as the Speaker deems necessary or expedient. No demands for votes of credit or exceptional grants have so far been presented to Parliament.

Budget of a State under the President's Rule

Budget of a State under President's Rule is presented to the Lok Sabha. The procedure followed in regard to the Budget of the Central Government is followed in the case of a State Budget also with such variations or modification, as the Speaker may make.

As the Budget passes through several stages of discussion in the Parliament and particularly in the Lok Sabha, the Members get ample opportunity to participate and contribute in the fiscal and economic policy making of the country.

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