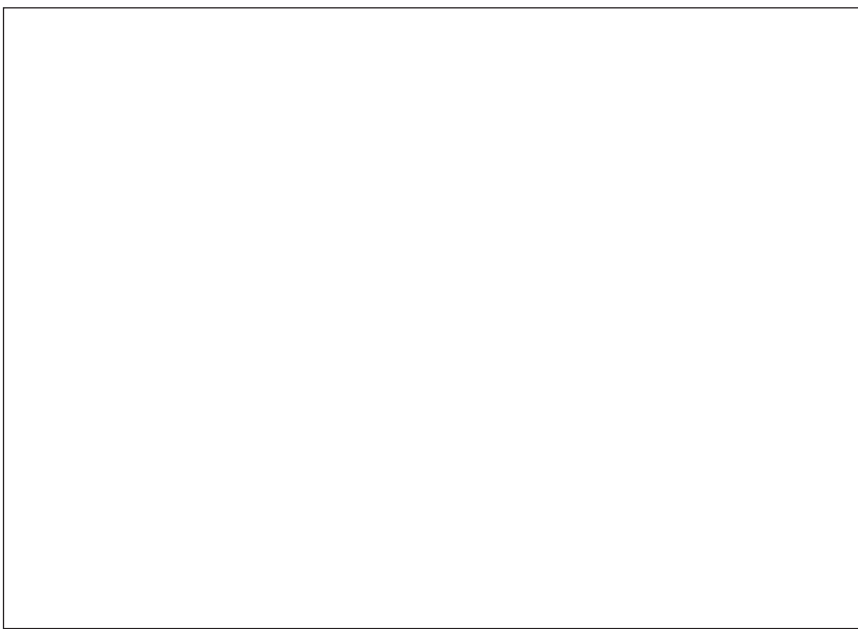




**RAJYA SABHA**  
**PRACTICE & PROCEDURE SERIES**

**10**

**FINANCIAL PROCEDURE**



## FINANCIAL PROCEDURE

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## **PREFACE**

This booklet is part of the Rajya Sabha Practice and Procedure Series which seeks to provide in brief, the Financial Procedure in Rajya Sabha. It is based on the provisions of the Constitution of India and the Rules of Procedure and Conduct of Business in Rajya Sabha as also the practice obtaining in the House. It is intended to serve only as a handy guide for ready reference. The information contained in it is not exhaustive. For full and authentic information original sources may be referred to and relied upon.

New Delhi  
February, 2005

DR. YOGENDRA NARAIN  
*Secretary-General*

## FINANCIAL PROCEDURE

The Constitution divides financial legislation into two categories *viz.*, Money Bills and Financial Bills.

### Money Bills

A Money Bill is a Bill which contains only provisions dealing with all or any of the matters detailed in clause (1) of article 110 of the Constitution. The matters detailed in that clause are:

- (a) the imposition, abolition, remission, alteration or regulation of any tax;
- (b) the regulation of the borrowing of money or the giving of any guarantee by the Government of India, or the amendment of the law with respect to any financial obligations undertaken or to be undertaken by the Government of India;
- (c) the custody of the Consolidated Fund or the Contingency Fund of India, the payment of moneys into or the withdrawal of moneys from any such Fund;
- (d) the appropriation of moneys out of the Consolidated Fund of India;
- (e) the declaring of any expenditure to be expenditure charged on the Consolidated Fund of India or the increasing of the amount of any such expenditure;

- (f) the receipt of money on account of the Consolidated Fund of India or the public account of India or the custody or issue of such money or the audit of the accounts of the Union or of a State; or
- (g) any matter incidental to any of the matters specified in sub-clauses (a) to (f).

A Bill, however, cannot be deemed to be a Money Bill by reason only that it provides for the imposition of fines or other pecuniary penalties or for the demand or payment of fees for services rendered or by reason that it provides for the imposition, abolition, remission, alteration or regulation of any tax by any local authority or body for local purposes.

On the question whether a Bill is a Money Bill or not, the decision of the Speaker is final. In every case of a Money Bill, he endorses a certificate thereon signed by him to the effect that it is a Money Bill before the Bill is sent to Rajya Sabha or presented to the President for assent.

The Procedure with regard to the Money Bills in Rajya Sabha is the same as in case of other Bills transmitted by Lok Sabha with the difference that in case of other Bills the amendments are adopted and the last motion is that the Bill be passed, while in the case of Money Bills, the amendments are recommended and the last

motion is that the Bill be returned. On the adoption of this motion, a Money Bill is returned to Lok Sabha with the message that Rajya Sabha has no recommendations to make to the House in regard to the Bill or with the message intimating to Lok Sabha the amendments so recommended, as the case may be. Lok Sabha, under article 109, has the option to accept or reject all or any of the recommendations made by Rajya Sabha. The Bill, however, has to be returned within a period of fourteen days from the date of its receipt by Rajya Sabha, otherwise it is deemed to have been passed by both Houses at the expiration of the said period in the form in which it was passed by Lok Sabha.

### **Financial Bills**

Financial Bills, other than Money Bills, are covered under article 117. They may be divided into two categories, *viz.*, those which make provision for any of the matters which come within the definition of a Money Bill but do not consist solely of these matters; and those which, if enacted, and brought into operation, would involve expenditure from the Consolidated Fund of India. Bills of the former category come under clause (1), and Bills of the latter category under clause (3) of article 117. A Financial Bill coming under the purview of clause (1) can be introduced only in Lok Sabha and it requires the recommendation of the President for its introduction. A Financial Bill coming under the purview of clause (3)

may be introduced in either House and it does not require the recommendation of the President for its introduction. It cannot, however, be passed by either House unless the President has recommended to that House the consideration thereof. But not being a Money Bill, Rajya Sabha has full power to reject or amend such a Bill as in the case of ordinary Bills.

### **The Budget**

The President, in respect of every financial year causes to be laid before both Houses of Parliament an "Annual Financial Statement" or a statement of the estimated receipts and expenditure of the Government of India, which is known as the Budget. The Budget is presented in two parts, *viz.*, the Railway Budget pertaining to Railway Finance and the General Budget relating to the financial position of the Government of India excluding Railways.

The Railway Budget is presented by the Railway Minister sometime in the third week of February. By convention, the General Budget is presented to Lok Sabha by the Finance Minister on the last working day of February of each year. A copy of the respective Budgets is simultaneously laid on the Table of Rajya Sabha.

The Chairman, Rajya Sabha appoints the day and time for general discussion on the Budget in Rajya

Sabha. Rajya Sabha is at liberty to discuss the Budget as a whole or any question of principle involved therein, but no motion is moved nor the Budget is submitted to the vote of Rajya Sabha.

The relative position of the two Houses with regard to the discussion on the Railway and the General Budgets once became the subject matter for discussion in Rajya Sabha. One of the members of Rajya Sabha, during a discussion, referred to the exception taken by a member of Lok Sabha to the discussion of the Railway and General Budgets by Rajya Sabha first. The Chairman, Rajya Sabha at the time said:

...the constitutional position is quite clear. There is no superiority or inferiority in anything. We are two different Houses; we have prescribed functions to perform. There is no question of any House being superior to other House. That point is incontrovertible.

The Finance Minister has a general right of reply at the end of the discussion on the General Budget. The Demands for Grants are presented to Lok Sabha along with the Budget Statement. Thereafter, the two Houses adjourn for a fixed period to enable the Department-related Parliamentary Standing Committees to consider the Demands for Grants of the respective Ministries/ Departments coming within their purview. When the Houses reassemble, Rajya Sabha holds discussion on the functioning of some of the ministries. The Ministries

which are to be taken up for discussion are recommended by the Business Advisory Committee. The discussion on the working of these Ministries is governed by rules which apply to the short duration discussion except the time limit of two and half hour. Generally, a day is devoted to the discussion on a Ministry. This practice does not find place in the Rules of Procedure and Conduct of Business in Rajya Sabha but has been in vogue since 1970.

As soon as the Grants have been made by Lok Sabha, a Bill is introduced there to provide for the appropriation out of the Consolidated Fund of India of all moneys required to meet the Grants made by the House and the expenditure charged on the Consolidated Fund of India. This Bill, after it is passed by Lok Sabha is transmitted to Rajya Sabha as Appropriation Bill and is certified by the Speaker as a Money Bill. In Rajya Sabha the Bill is discussed and is returned to Lok Sabha.

Similarly, the Finance Bill which is introduced in Lok Sabha immediately after the presentation of the Budget by the Minister of Finance is passed by Lok Sabha and transmitted to Rajya Sabha after the passing of the Appropriation Bill. It is also certified as a Money Bill. Rajya Sabha has power to recommend amendments in the Finance Bill. However, it is for Lok Sabha to accept or reject the recommendations. More than one Finance Bill may, however, be introduced during a financial year.

Though the powers of Rajya Sabha are limited in the financial field, yet it has a fairly adequate share in shaping the financial affairs of the country. Even in regard to a Money Bill it can recommend amendments, a power not possessed by the House of Lords in Britain. It may be of interest to note that in Income Tax Bill, 1961, Rajya Sabha did recommend a number of amendments of substantial character, all of which were agreed to by Lok Sabha.

#### **Assent of the President**

When a Money Bill is passed by both Houses, the Lok Sabha Secretariat obtains the assent of the President.