



— PARLIAMENT OF INDIA —

LECTURE BY :- SALONI AGRAWAL MADAM

MEDIUM	ENGLISH
TOPIC	Budget in Indian Parliament





Introduction

- President causes to be laid before both houses the Annual Financial Statement.
- This contains the estimated revenues or expenditures of the government for a financial year.





• **There are two budgets General or Railways** earlier, but now merged.

• **Constitutional Provisions**

• Expenditure charged on the consolidated fund should be separated from the expense made from the fund.

• Parliament can reduce or abolish a tax but can't increase it.

• Demand for grants can be made only on recommendation of the president.

• Expenditures are of two types charged upon the Consolidated Fund of India or made from the C.F.I. Charged expense is non votable but can only be discussed by parliament.





Expense charged upon the Consolidated Fund of India:

It includes salaries, pensions or expenses of President, UPSC, CAG, SC judge, Pensions of HC judges, Presiding or deputy presiding officer of LS and RS. Debt of the Govt of India, Amounts to satisfy any judgments, expense declared by parliament to be charged on the fund.





Stages of Enactment of Budget:

A) Presentation of budget: Railway budget is presented in third week of Feb. and general budget in last working day of Feb. Finance minister gives a budget speech and at the end of it; the budget is laid before both houses.

B) General discussions: Only the general principles of budget or the budget as a whole can be discussed. No motions of reduction of grants or votes can be made. Finance minister has the right of reply at end of discussion. This happens in both houses.





C) Scrutiny by dept committees: An in-depth scrutiny of demand for grants by department is made by each departmental standing committee of parliament. Three to four weeks are given for this and the houses are adjourned. The standing committees make a report to the house at the end.

D) Voting on the demand for grants: The MP's of Lok Sabha study and vote on each demand for grant. The Lok Sabha only can vote on demand for grants and no voting is allowed on the expenditure charged on the consolidated fund of India. MP's can move motion for reduction of a grant called CUT Motions;





E) Appropriation bill and Finance bills: The appropriation bill contains voted demand for grants and also expense charged on the consolidated fund of India. No amendments can be made on these in any house. After the bill receives assent of the president it becomes appropriation act. This allows expense from the consolidated fund.

Finance bill is also presented containing provisions for taxation. It is like a money bill however amendment can be moved seeking to reduce or remove a tax. This allows taxes to be levied.





Cut Motion

1. **Policy cut:** indicate disapproval to a policy.
2. **Token cut:** ventilate specific grievance
3. **Economy cut:** Reduction by specific amount to suggest economic use of funds.

26 days are allotted for discussions and voting of the demand for grants at the last day all remaining demands are put to vote and disposed. This is referred to as “Guillotine”.





Other Grants:

- 1. Supplementary grant:** Amount authorised by parliament is found insufficient
- 2. Additional grant:** extra amount is needed that wasn't dealt with earlier
- 3. Excess grant:** Amount is spent in excess of the authorised amount; this has to be approved by the Public accounts committee.
- 4. Vote of credit:** for meeting an unexpected demand
- 5. Exceptional grant:** sanctioned for a special purpose
- 6. Token grant:** funds to meet a new expenditure can be met by transferred from one head to another.





Funds of India:

- 1. Consolidated fund of India(A266):** All revenues credited to the government; all loans received; all payment received as repayment of loans given; are credited to this fund. No money can be issued or withdrawn except by law.

- 2. Contingency fund of India(A267):** To meet unforeseen circumstances parliament created this fund. It is at the disposal of the president. Money can be issued pending authorization of parliament. However the finance secretary handles it; it is operated by executive action.





- 3. Public account of India(A266):** Payment usually of the nature of banking transactions are made from this account; It is operated by executive action so parliaments authorization not needed; Provident fund deposits, judicial deposits, savings bank deposits, departmental deposits or remittances are credited here.





Vote on account

A **vote on account**, as defined by Article 116 of the Indian Constitution, is a grant in advance for the central government to meet short-term expenditure needs from the Consolidated Fund of India, generally lasting for a few months(2 months) till the new financial year kicks in.



