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***Public Policy & Administration in India***

**Topic: How budget is passed in the Indian Parliament- Enactment of Budget in the Parliament:**

In a Parliamentary form of Government the legislature has supreme control budget. In India, the Parliament possess absolute control over its budget. Art. 265 of the Constitution states, *“no tax can be levied and no expenditure incurred, without prior approval of the Parliament”*. This obviously means that the Government has no power to spend a single penny without the authority of the Parliament.

**Stages of passing Budget:** In the Parliament, the budget has to pass through the following stages:

**(a) Introduction to the Parliament:** It has already been mentioned thatin India, we had plural budget before 2017 as Railway and General budget. But this 92 years old legacy has been repealed by the Union Government by amalgamating Railway and General budget from 2017 onwards. Again, breaking the legacy, the Union Finance Minister Sri Arun Jaitly presented the budget on 1 February, 2017, instead of last working day of February.

The budget is presented by the Finance Minister on behalf of the President to the Lok Sabha with a speech called the budget speech. The budget speech gives a broad outline of the budget and unfolds the fiscal and economic policy of the government for the next financial year. The copies of the budget are circulated among the members for their reference. After having read the budget speech, the Finance Minister introduces the Finance Bill in the Parliament. The budget is also laid before the Rajya Sabha for general discussion.

**(2) General discussion:** According to Rules 130 of the Conduct of Business of Parliament, *“no discussion of the budget shall take place on the day on which it is presented to Parliament”*. Therefore, Speaker fixes the days for general discussion of budget. Such a date is generally fixed one week after the presentation of budget and about three to four days are allotted for the purpose. At this stage the members may discuss general principles or policy underlying the budget. On this occasion, the opposition parties or members may criticize the economic policies of Government. It may be mentioned here that the general discussion on the budget takes place in both the Houses of Parliament simultaneously. The Finance Minister makes a general reply at the end of discussion.

**(3) Voting on demands:** After the general discussion on the budget is over, the demands for grants are taken up which is the sole business of Lok Sabha and the Rajya does not take part in it. The Speaker fixes a time limit for particular demand or group of demands and for the entire expenditure part of the budget. As soon as the time for any demand is reached, it is immediately put to vote whether the discussion on it is complete or not. It is an opportunity for the opposition to criticize the Government and the Minister concerned has to defend administration against all criticism by opposition. If any of the demand is rejected or reduced by the House, it is considered as the defeat of entire Ministry.

To these demands three kinds of cut motions may be moved by the members to reduce the amount of a demand-

**(a) Policy cut motions-**that the amount of the demand be reduced to Rs. 1/- indicate the disapproval of the policy underlying the demand. The member may give notice of such demand in clear terms the policy which he proposes to discuss. On the basis of notice, it shall be open for members to propose an alternative policy.

**(b) Economy cut**- that the amount of the demand be reduced by a specified amount which may be reduction in lump sum or an item in the demand. This is popularly known as economy cut. The notice of demand for discussion confined to the economic policy that can be influenced.

**(c) Token cut-** the amount of the demand be reduced by Rs. 100/- to redress specific grievances within the sphere of the responsibility of the Government. The discussion thereon is confined to the particular grievance specified in the motion.

In India, basically the token cut motions are moved. It may be mentioned here that the House can only reject or reduce a demand but has no power to increase. The Minister-in-charge of the department makes a reply to the discussion of cut motions. At the end of reply by the respective Minister, either cut motions are withdrawn or put to vote. If the motions are carried, it is tantamount to a vote of no confidence on the Government. In the voting the cut motions are rejected as the Ministry is backed by majority members in the House. On the last day allotted for the voting of demands, the Speaker puts all the un-discussed demands are put together to vote called guillotine and dispose them whether they have been discussed or not. In this way, as soon as the demand is voted it becomes a grant.

**(4) Introduction of Appropriation Bill:** Article 144(I) of the Constitution provides that after the voting of the grant by the Lok Sabha, a bill to provide for the appropriation of the Consolidated Fund of India shall be introduced. The bill is presented in the Lok Sabha and has to pass through and follow all the stages before being approved by the House. After being passed by the Lok Sabha, it is certified by the Speaker as money bill and sent to the Rajya Sabha for its approval.

**(5) Procedure in the Rajya Sabha:** The Rajya Sabha has no power to amend or reject a money bill. Art. 109(1) of the Constitution mentions that a money bill shall not be introduced in the Council of States (Rajya Sabha). As per Article 109 (2), it can pass it or return it to the Lok Sabha within 14 days with or without recommendation. Regarding money bill, the Lok Sabha is not bound to accept the recommendation or even it may reject them. Here, the Rajya Sabha can only delay the passing of the bill by 14 days and remain silent. But after expiry of that period, the bill will be deemed to have been passed by the Rajya Sabha. In that case the Rajya Sabha possesses limited powers.

**(6) President’s Assent:** As soon as the budgetary procedure is complete in the Parliament, the appropriation bill is sent to the President for his assent. The Presidentshall not withhold his assent thereon**.** After getting his approval, the appropriation (money) bill becomes an Act.

**(7)Passage of the Finance Bill:** The Appropriation Actauthorizesthe government to appropriate money from the Consolidated Fund of India, provisions being made for collecting the required money by way of taxation. Article 114(3) of the Indian Constitution lays down that “ *no money shall be withdrawn from the Consolidated Fund except under appropriation”* This indicate the importance of appropriation act in the process of budget enactment. For this reason a finance bill is placed in the Lok Sabha. The bill contains the taxation and revenue proposal for the ensuing financial year. The finance bill follows the same procedure as is followed for passing of a money bill. Thus, with the passing of the Appropriation Bill and the Money Bill, virtually the enactment of the budget is complete.

Thus, passing budget by the Parliament is a cumbersome and time-bound exercise. The Lok Sabha plays a dominant role in passing the budget in comparison to the Rajya Sabha (the Upper House). Even after passing it, the Parliament maintains its control over budget.

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