

CHAPTER–24

Procedure in Financial Matters

The Budget

In respect of every financial year, the President causes to be laid before both Houses of Parliament an “annual financial statement” - a statement of the estimated receipts and expenditure of the Government of India.¹ The annual financial statement, otherwise known as the ‘Budget’, is presented in two parts, viz., the Railway Budget pertaining to Railway Finance, and the General Budget which gives an overall picture of the financial position of the Government of India, excluding Railways.

The Budget is presented on such a day as the President directs.² By convention the Railway Budget is presented to the Lok Sabha sometime in the third week of February and the General Budget is generally presented on the last working day of February each year.³ Simultaneously, copies of the respective Budgets are laid on the Table of the Rajya Sabha.

On an occasion the Interim Railway Budget which was presented to the Lok Sabha on 27 February 1996, could not be laid on the Table of the Rajya Sabha that day as the House adjourned due to disorder. The Budget was laid the next day.⁴

In 1953, the Railway Budget for 1953-54 was laid on the Table by the Leader of the House in the absence of the Railway Minister who was to speak in the other House.⁵

In an election year, the Budget may be presented twice – first to secure a Vote on Account for a few months and later, in full, on a day convenient to the Government.

A few days before the commencement of the Budget session, the Ministry of Parliamentary Affairs forwards to the Secretariat a provisional programme of dates for the financial business to be transacted during that session. This is published in the Bulletin for the information of the members.⁶

The estimates of expenditure embodied in the annual financial statement show separately the sums required to meet expenditure which the Constitution has ‘charged’ upon the Consolidated Fund of India and the sums required to meet other expenditure.⁷ The charged expenditure is not

required to be submitted to the vote of Parliament but it can be discussed in either House of Parliament.⁸ The other expenditure is required to be submitted in the form of demands for grants to the Lok Sabha which has the exclusive power to assent, or to refuse to assent, any demand, or to assent to any demand subject to a reduction of the amount specified therein.⁹

Distribution of Budget sets

Sets of the Budget Papers consisting of Finance Minister's speech (Parts A & B); Budget of the Union Government; Explanatory Memorandum on the Budget; Budget at a Glance; Finance Bill; Memorandum explaining the provisions in the Finance Bill; Summary of Demands for Grants; Key to the Budget Documents; Books of Demands for Grants are received from the Ministry of Finance for distribution to members. These are distributed to members in the Outer Lobby of the Chamber, after the budget is laid on the Table of the Rajya Sabha. Members are informed about the procedure for the collection of the Budget sets, through a paragraph in the Parliamentary Bulletin Part-II.¹⁰

Alleged leakage of Finance Bill

On 2 March 1970, some members complained in the House that members of Rajya Sabha were not supplied with Budget Papers on 28 February 1970, while the members of the Lok Sabha were supplied with the Budget Papers on time. They further said that the Finance Bill was introduced in the Lok Sabha after 10.00 p.m. on the day of the presentation of the Budget but the Budget sets (which contained the Finance Bill) were distributed to members earlier. Members contended that there was a leakage of Budget—taxation proposals—inasmuch as copies of the Finance Bill were circulated to members before its introduction in the Lok Sabha.¹¹ On this point, the Chairman gave the following ruling:

At the sitting of the Rajya Sabha on the March 2 some hon'ble members raised certain points regarding the introduction and circulation of the Finance Bill, 1970. I promised to look into the matter and give my views thereon. Under article 112 of the Constitution a statement of the Estimated Receipts and Expenditure of the Government of India in respect of every financial year has to be laid before both Houses of Parliament. Pursuant to this provision a statement of Estimated Receipts and Expenditure of the Government of India for 1970-71 was laid on the Table of the Rajya Sabha on February 28. This statement does not include the Finance Bill which is not laid on the Table of the Rajya Sabha at this stage. The Finance Bill is introduced in the Lok Sabha and is formally laid on the Table of the Rajya Sabha only

after it is passed by that House. No question of leakage of the Budget is involved as the taxation proposals contained in Part-B of the Budget had been known to the members of the Lok Sabha during the Budget speech and the Budget Papers were distributed after that speech.

Copies of the Finance Bill, however, form part of the Budget Papers circulated to the members. The Rajya Sabha members got their Budget Papers distributed at their residences on the night of February 28. We, in the Rajya Sabha, are not concerned with the question of circulation of the Finance Bill before its formal introduction in the Lok Sabha. This is a matter for the Lok Sabha. The facts and circumstances relating to this, it appears, were explained to the Lok Sabha at its special sitting on February 28 when the Bill was formally introduced in that House. The matter should, therefore, end there. This House will consider the Finance Bill when it is transmitted to us after it is passed in the Lok Sabha in due course.¹²

Alleged leakage of Budget

A member raised an interesting point regarding the alleged leakage of the Budget. On 29 February 1984, while the Minister of Finance was laying the Budget on the Table at 6.32 p.m., the member raised a point that the Budget had been leaked since it was already broadcast at 6.30 p.m. on that day through AIR Bulletin. He followed up his contention with a written notice of breach of privilege and raised the matter again on 1 March 1984. The Chairman ruled on the file: "Law does not take account of trifles (*De minimis non curat lex*). Two minutes do not raise a question of privilege." The notice was disallowed.¹³

General discussion on Budget

There is no discussion on the Budget on the day on which it is presented.¹⁴ On subsequent days and for such time as the Chairman allots for this purpose, the House is at liberty to discuss the Budget as a whole or any question of principle involved therein, but no motion is moved nor is the Budget submitted to the vote of the House.¹⁵ The Chairman may, if he thinks fit, prescribe a time-limit for speeches.¹⁶ The Finance Minister (includes any Minister)¹⁷ has a general right of reply at the end of the discussion.¹⁸ In case of the Railway Budget, the same procedure applies and the Minister of Railways replies at the end of the discussion thereon.

Notwithstanding that a day has been allotted for financial business, a motion or motions for leave to introduce a Bill or Bills may be made and a Bill or Bills may be introduced on such day before the House enters on that business for which the day has been allotted.¹⁹ Financial business in

this context includes any business which the Chairman holds as coming within this category under the Constitution.²⁰

There had been occasions in the past when the general discussion on the General Budget was initiated in the Rajya Sabha before it commenced in the Lok Sabha.

The Rajya Sabha commenced general discussion on the Budget (General) 1955-56 on 3 March 1955, whereas in the Lok Sabha it commenced on 16 March 1955; the general discussion on Budget (General) 1959-60, commenced in the Rajya Sabha on 3 March 1959, whereas in the Lok Sabha it commenced on 9 March 1959. In 1963, the general discussion on the Budget (General) commenced in the Rajya Sabha and Lok Sabha, respectively on 4 March and 12 March. In 1965, the general discussion on the Budget (General) took place in the Rajya Sabha and Lok Sabha, respectively on 10 and 22 March. Similarly, in 2002, the discussion on Budget (General) took place in the Rajya Sabha and Lok Sabha, respectively on 18 and 19 March 2002.²¹

Discussion on working of Ministries

Prior to the introduction of the Department-related Committees, after the general discussion on the Budget, the Rajya Sabha used to adjourn for about three weeks during which the Lok Sabha would be voting on demands for grants and thereafter meet again for completion of the remaining stages of the financial business, namely, consideration and passing of Appropriation and Finance Bills. In the first week of re-assembly of the House, it used to discuss the working of three or four Ministries. The background to the introduction of this procedure was as follows:

At a meeting of the Business Advisory Committee held on 20 March 1970, the Minister of Parliamentary Affairs informed the Committee that in deference to the wishes of the leaders of different opposition groups and some other members of the Rajya Sabha, the Government was agreeable to convene the next session of the Rajya Sabha a week in advance, *i.e.*, from 27 April 1970, in order to enable the House to discuss the reports on the working of some of the Ministries. The Committee decided that out of the five Ministries selected, working of the four Ministries should not be discussed during that week.²²

On 24 April 1970, it was decided in the meeting of the Business Advisory Committee that the discussion would be assimilated to rule 176 (short duration discussion) *minus* the time-limit. An item in the list of business should be 'Discussion on the working of the Ministry of...'. Further, four hours — from 2.00 p.m. to 6.00 p.m. — should be allotted for the purpose. The debate of one day should not be carried over to the next day.²³

At the meeting of the Business Advisory Committee on 16 June 1971, it was decided that *inter se* priority of members who gave notices to initiate discussion on a Ministry should be determined by ballot (As a result names of all members from whom notices were received were listed in the list of business under the relevant item).²⁴

On 2 April 1985, the Business Advisory Committee recommended that the discussion on the working of each Ministry might continue for the whole day and the Minister concerned should reply on the next day.²⁵

The above procedure was reconsidered by the Business Advisory Committee. It recommended that the practice of listing all the names of members who desired to raise the discussion on the working of a particular Ministry should be discontinued and only the name of the member who was to initiate the discussion should be included in the list of business and that such a name might be decided by consensus amongst the leaders of various parties/groups.²⁶

Thus, a new procedural device was evolved in the midst of the financial business in the Rajya Sabha which has firmly been established over almost three decades. The current practice, which has not changed even after the introduction of the Department-related Committee system, is that the Business Advisory Committee selects three or four Ministries/subjects for discussion in the first week of the re-assembly of the House after the budgetary recess contemplated under the new system. The names of the members who are to initiate discussion on the working of the Ministries are decided by the parties/groups by mutual consultation. Only a general item regarding discussion on the working of a Ministry figures in the list of business. At the appointed time the member whose name is received by the Chair in advance from the leader/whip of the concerned party/group is called on to initiate the discussion and then it proceeds like a short duration discussion. The Minister concerned replies at the end and the discussion concludes.

Appropriation and Finance Bills

No money can be withdrawn from the Consolidated Fund of India except under appropriation made by law.²⁷ After the Lok Sabha has made grants, 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 that House and the expenditure charged on the Consolidated Fund of India. Appropriation Bills may pertain to vote on account, supplementary demands for grants or excess grants. Since they are Money Bills within the definition of article 110 of the Constitution, the Rajya Sabha has to return them within a period of fourteen days from the date of their receipt.

The Constitution provides for vote on account, *i.e.*, for grants in advance to be made by Parliament pending the passing of General Appropriation Bill.²⁸

Dr. Ambedkar who introduced the provision regarding vote on account in the Constitution, stated that full discussion should be held in Parliament on the financial statement and on the Government's taxation proposals and proposals for expenditure. Since these discussions might not be completed before the beginning of a financial year, this provision was made to enable Parliament to vote a lumpsum grant under each demand sufficient for the Government to incur expenditure for a short period until the taxation and expenditure proposals were discussed in full and an Appropriation Act was passed.²⁹

Normally, vote on account is taken for two months only. But during an election year or when it is anticipated that the main demands and the Appropriation Bill may take longer than two months to be passed by Parliament, the vote on account may be for a period exceeding two months and may extend to three or four months as has happened in 1996, 2004, 2009 and 2014 due to elections.³⁰

As per the practice, whenever any amount is drawn from the Contingency Fund of India for a new service, the Minister concerned makes a statement in both Houses.

The Minister of State in the Ministry of External Affairs made a statement regarding an advance of rupees 1.80 crores to be drawn out of the Contingency Fund of India to meet 'Charged Expenditure'.³¹

The Minister of State in the Ministry of Petroleum & Natural Gas and the Minister of State in the Ministry of Finance made a statement regarding withdrawal of advance from the Contingency Fund of India for meeting the requirement of funds for the Commission of Inquiry to inquire into circumstances leading to arrangements entered into with Fairfax Group of USA.³²

The Minister of State in the Ministry of Home Affairs made a statement regarding withdrawal of money from the Contingency Fund of India for depositing in Delhi High Court in compliance with its order in a case.³³

If the amount authorised by any Appropriation Act to be expended for a particular service for the current financial year is found to be insufficient for the purposes of that year or when a need had arisen during the current financial year, for supplementary or additional expenditure upon some new service not contemplated in the financial statement of that year, another statement showing the estimated amount of that year is laid before both Houses of Parliament.³⁴

The Rajya Sabha gets an opportunity to consider supplementary or additional grants when the related Appropriation Bill comes before it after it is passed by the Lok Sabha.

If any money has been spent on any service during a financial year in excess of the amount granted for that service and for that year, a demand for such excess is presented to the Lok Sabha only.³⁵ A demand for excess grant is made after the expenditure has been incurred and it cannot be described as “estimated” amount of expenditure. Hence such a statement is not required to be laid on the Table of the Rajya Sabha. The Rajya Sabha gets an opportunity of discussing the excess grant when the concerned Appropriation Bill is transmitted to it after it is passed by the Lok Sabha.

In the case of a Finance Bill, the Rajya Sabha can also make recommendations for amendment, as has already been explained in the Chapter on Legislation. The financial business culminates in the return by the Rajya Sabha of the Appropriation and the Finance Bills.

Parliament may, for the purpose of timely completion of financial business, regulate by law the procedure of, and the conduct of business, in each House of Parliament in relation to any financial matter or to any Bill for the appropriation of moneys out of the Consolidated Fund of India.³⁶ No such legislation has so far been enacted.

On an occasion, the Appropriation (Vote on Account) Bill was considered and returned before completion of the general discussion on the Budget. It was, however, agreed in the House that this should not be taken as a precedent.³⁷

On 11 March 1991, the Rajya Sabha cleared as many as seventeen Bills relating to the Railway and General Budgets, Budgets of four States and a Union territory and the Finance Bill, in a couple of hours.³⁸

NOTES AND REFERENCES

1. Art. 112 *and* R. 181.
2. R. 181(1).
3. For sittings of the Rajya Sabha on Budget days, see Chapter-11.
4. Bn. (I), 28.2.1996.
5. R.S. Deb., 18.2.1953, c. 615.
6. See for instance, Bn. (II), 28.2.1995.
7. Art. 112(2) & (3).
8. Art. 113(1).
9. Art. 113(2).
10. See for instance, Bn. (II), 10.4.1995.
11. R.S. Deb., 2.3.1970, c. 175-87.

12. R.S. Deb., 12.3.1970, c. 106-07.
13. F. No. 35/3/84-L.
14. R. 181(2).
15. R. 182(1).
16. R. 182(3).
17. R. 2.
18. R. 182(2).
19. R. 184.
20. *Ibid.*, Expln.
21. *See also* Chapter 5.
22. BAC mts., 25.3.1970.
23. *Ibid.*, 24.4.1970.
24. *Ibid.* 16.6.1971.
25. *Ibid.*, 2.4.1985.
26. *Ibid.*, 20.4.1987.
27. Art. 114.
28. Art. 116.
29. Shiva Rao, B., *The Framing of India's Constitution-A Study*, pp. 441-42.
30. Finance Minister's speech (Feb. 1996), para. 32 and (Feb. 2004), para-1.
31. Bn. (I), 9.5.1988.
32. *Ibid.*, 28.4.1987.
33. R.S. Deb., 4.4.1989, c. 6.
34. Art. 115(1)(a).
35. Art. 115(1)(b).
36. Art. 119.
37. R.S. Deb., 30.7.1991, c. 399-400.
38. Bn. (I), 11.3.1991.