

Financial Bill and Money Bill

By IASToppers | 2023-07-04 15:20:00



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Recently, there was a debate in Parliament if The **Digital Personal Data Protection (DPDP)** Bill should be considered a **Financial or Money bill**.



[Ref- Hindustan Times]

What is a Finance Bill?

- Any Bill that relates to revenue or expenditure is a Financial Bill.
- A **Money Bill** is a **specific type of financial Bill**, that must deal only with matters specified in **Article 110 (1) (a) to (g)**.

Category A:

- The bill covers the provisions of **Article 110 (1)** of the Constitution of India.
- It can be originated **only in Lok Sabha**, after the assent of the **President**.
 - Example: money Bills and other financial Bills originating solely in the Lok Sabha.

Category B:

- It contains clauses relating to the expenditure from Consolidated Fund of India.
 - Such bills can be introduced in any of the two houses, with prior approval of President.
 - It is dealt with under **Article 117 (3)** of the Constitution and such Bills are **more like ordinary Bills**.
 - It can be subjected to **deliberation** by both Houses in a **joint sitting**.
- The bill has to be passed by the Parliament **within 75** days of its introduction.
- The Finance Bill is accompanied by a **Memorandum** containing **explanations of the provisions** included in it.

What is the difference between money Bills and financial Bills?

- **Article 110** defines Money Bill as one containing provisions dealing **with taxes, regulation of the government's borrowing of money**, and **expenditure or receipt** of money from the **Consolidated Fund of India**.

- **Article 109** delineates the **procedure for the passage** of such a Bill and confers an **overriding authority** on the **Lok Sabha** in the passage of money Bills.
- The **Speaker** of Lok Sabha **certifies** if a money bill is a Financial Bill.
- **Article 117** of the Constitution deals with the **special provisions** relating to financial Bills.
- It indicates that a Bill makes provision for any of the matters specified in **clauses (a) to (f) of Article 110 (1)** of Constitution.
- Amendments relating to the **reduction or abolition** of any tax **are exempt** from the requirement of the President's recommendation.
- It **cannot be introduced** in the Rajya Sabha.
- The proposals of the government for **levy of new taxes, modification of the existing tax structure or continuance of the existing tax structure** beyond the period approved by Parliament are submitted to Parliament through this bill.
- The **prerequisites** for any financial Bill to become a money Bill are:
 - It must **only** be introduced in the **Lok Sabha** and not the Rajya Sabha.
 - These bills can only be introduced on the **President's recommendation**.
- The Lok Sabha has the right to reject the Rajya Sabha's recommendations on money Bills.
- An **ordinary Bill can originate in either house**, a Money Bill can only be introduced in the Lok Sabha, as laid down in **Article 117 (1)**.

How are money and financial Bills passed?

- After being passed by the Lok Sabha, money Bills are sent to the Rajya Sabha for its recommendations.
- The Upper House must submit the Bill back to the Lower House **within 14 days**
- The **recommendations** are **non-binding** to the Lok Sabha.
- If the Lok Sabha **rejects the recommendations**, the Bill is **deemed to have passed** by both Houses in the form in which it was passed by the Lok Sabha.
- If the **Rajya Sabha doesn't respond** with its recommendations within 14 days, the same **consequences** would follow.
- Thus, when it comes to money Bills, the Rajya Sabha only has a **recommendatory role**.
- The ordinary Bills and other financial Bills require the **agreement of both Houses** of Parliament to ensure their passage.
- They **can be rejected or amended by the Rajya Sabha**, unlike money Bills.
- All other financial Bills go through **all stages in the Rajya Sabha** as ordinary Bills.
- The **President can summon a joint sitting** of both Houses to **resolve differences** over a deadlock in an ordinary Bill, there is **no provision** for a joint sitting over a **money Bill**.
- The government has introduced multiple legislations through the money Bill route, the most notable of which are the **Aadhaar Act, 2016**, and the **Finance Act, 2017**.

CRITERIA FOR BEING A MONEY BILL

Article 110 of the Constitution defines the Money Bill		<p>A Bill which has any provision other than money provision (as mentioned in sub-clauses) is not a Money Bill</p> <p>Constitution gives power to the Lok Sabha Speaker to take a final call if any question arises whether a Bill is a Money Bill or not</p> <p>Speaker's decision is final and cannot be challenged in any court of law</p> <p>RS has limited powers with respect to Money Bills</p> <p>Lok Sabha has supreme power in terms of Money Bills</p>
<p>Money Bills are those Bills which contain "only" provisions dealing with all or any of the matters specified in Article 110 sub-clauses:</p>		
<p>➤ Imposition, abolition, remission, alteration, regulation of any tax</p>	<p>➤ Appropriation of moneys out of Consolidated Fund of India</p>	
<p>➤ Regulation of borrowing of money or the giving of any guarantee by govt</p>	<p>➤ Declaring of any expense to be expenditure charged on the Consolidated Fund of India or the increasing of the amount of any such expenditure</p>	
<p>➤ 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</p>	<p>➤ Receipt of money on account of Consolidated Fund of India or 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</p>	



[Ref- Times of India]

What is the view of Supreme Court (SC)?

- The SC struck down amendments to the **Finance Act, 2017**.
- It was **passed** as a **money Bill**, altering the **structure and functioning** of various **tribunals**.
- It directed the formulation of **fresh norms for appointing tribunal members**.
- It ruled that the amendments were contrary to the principles envisaged in the Constitution as interpreted by the Court.
- SC expressed its doubts over the **correctness** of the Constitution Bench's 2018 verdict upholding the **2016 Aadhaar Act**, (it was passed as a money Bill).
- The petitions seeking review of the Aadhaar Act ruling are **pending** in the Supreme Court.

K.S. Puttaswamy and Anr. vs. Union of India, (2017):

- SC upheld **the constitutional validity of the Aadhaar Act**, its passage as a Money Bill, and the use of compulsory **Aadhaar-based identification** for welfare schemes.
- It held that the **Right to Privacy** is a fundamental right protected under **Article 21** and Part III of the Indian Constitution.