

MONEY BILLS

What is a Money Bill?

Under article 110(1) of the Constitution, a Bill is deemed to be a Money Bill if it contains only provisions dealing with all or any of the following matters, namely:—

- (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).

2. A Bill is not deemed to be 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 licences or 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.

3. The term "incidental" in article 110(1)(g) of the Constitution has wide implications. It is comprehensive enough to include not merely the rates, area and field of tax, but also complete machinery for assessment, appeals, revisions, etc. It is in this light that Finance Bills which, in addition to rates of taxation, contain provisions regarding machinery for collection, etc. are certified as Money Bills. Similarly, a Bill seeking to amend or consolidate the law relating to Income-tax is treated as a Money Bill. Since such Bills substantially aim at imposition, abolition, etc. of any tax, the presence of other incidental provisions do not take them out of the category of Money

Bills. Thus there may be only one section in a Money Bill imposing a tax and there may be several other sections which may deal with the scope, method, manner, etc. of its imposition.

Certification of Money Bills

4. A Money Bill can be introduced in Lok Sabha only. If any question arises whether a Bill is a Money Bill or not, the decision of Speaker thereon is final. The Speaker is under no obligation to consult any one in coming to a decision or in giving certificate that a Bill is a Money Bill. The certificate of the Speaker to the effect that a Bill is a Money Bill, is to be endorsed and signed by the Speaker when it is transmitted to Rajya Sabha and also when it is presented to the President for assent.

5. The Speaker's certificate on a Money Bill once given is final and cannot be challenged.

6. A Money Bill cannot be referred to a Joint Committee of the Houses.

Money Bill as distinguished from Financial Bill

7. Whereas a Money Bill deals solely with matters specified in article 110(1) (a) to (g) of the Constitution, a Financial Bill does not exclusively deal with all or any of the matters specified in the said article that is to say it contains some other provisions also.

8. Financial Bills can be divided into two categories. In the first category are Bills which *inter-alia* contain provisions attracting article 110(1) (a) to (f) of the Constitution. They are categorised as Financial Bills under article 117(1) of the Constitution. Like Money Bills, they can be introduced only in Lok Sabha on the recommendation of the President. However, other restrictions in regard to Money Bills do not apply to this category of Bills. Financial Bill under article 117(1) of the Constitution can be referred to a Joint Committee of the Houses.

9. In the second category are those Bills which *inter-alia* contain provisions which would on enactment involve expenditure from the Consolidated Fund of India. Such Bills are categorised as Financial Bills under article 117 (3) of the Constitution. Such Bills can be introduced in either House of Parliament. However, recommendation of the President is essential for consideration of these Bills by either House and unless such recommendation is received, neither House can pass the Bill.

Constitution Amendment Bills—not treated as Money Bill

10. A Constitution Amendment Bill is not treated as a Money Bill even if all its provisions attract article 110(1) for the reason that such amendments are governed by article 368 which over-rides the provisions regarding Money Bills.

Some Categories of Money Bills

11. *Finance Bill* : Finance Bill is a secret bill introduced in Lok Sabha every year immediately after the presentation of the General Budget to give effect to the financial proposals of the Government of India for the following financial year. Finance Bills are treated as Money Bills as they substantially deal with amendments to various tax laws and matters incidental thereto.

12. *Appropriation Bill* : An Appropriation Bill is introduced in Lok Sabha immediately after adoption of the relevant demands for grants. Such Bills are categorised as Money Bills as they seek to authorise appropriation from 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.

Role of Rajya Sabha

13. Rajya Sabha is required to return a Money Bill passed and transmitted by Lok Sabha within a period of fourteen days from the date of its receipt. The period of fourteen days is computed from the date of receipt of the Bill in the Rajya Sabha Secretariat and not from the date on which it is laid on the Table of Rajya Sabha.

14. Rajya Sabha may return a Money Bill transmitted to it with or without its recommendations.

15. If a Money Bill is returned by Rajya Sabha without any recommendation, it is presented to the President for assent.

16. If a Money Bill is returned by Rajya Sabha with recommendations, it is laid on the Table of Lok Sabha. Any Minister in the case of a Government Bill or any member in the case of a private member's Bill after giving two days notice, or with the consent of the Speaker without notice, move that the amendments recommended by Rajya Sabha be taken into consideration. After the motion is carried, the amendments are put to vote. If Lok Sabha accepts the amendment recommended by Rajya Sabha, the Money Bill is deemed to have been passed by both Houses of Parliament with the amendments recommended by Rajya Sabha and accepted by Lok Sabha. If Lok Sabha does not accept any of the amendments recommended by Rajya Sabha, the Money Bill is deemed to have been passed by both the Houses of Parliament in the form in which it was passed by Lok Sabha without any of the amendments recommended by Rajya Sabha and it is presented to the President for assent. However, if Rajya Sabha does not return a Money Bill within the prescribed period of fourteen days, the Bill is deemed to have been passed by both Houses of Parliament at the expiry of the said period of fourteen days in the form in which it was passed by Lok Sabha and thereafter it is presented to the President for assent.

17. Provisions of article 108 regarding joint sitting of both Houses do not apply to a Money Bill.

Assent to Money Bills

18. Lok Sabha Secretariat is responsible for obtaining assent of all Money Bills after they have been passed or are deemed to have been passed by the Houses of Parliament.

19. The President may either give or withhold assent to a Money Bill. Under the Constitution, a Money Bill cannot be returned to the House by the President for reconsideration.

[Money Bills are governed by 3 articles 108, 109, 110, 111 and 117 of the Constitution and Rules 72, 96, 103 to 108 of the Rules of Procedure and Conduct of Business in Lok Sabha.]

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PREFACE

This Abstract is part of the Parliamentary Procedure Abstracts Series and describes the procedure regarding Money Bills. It is based on the Rules of Procedure and Conduct of Business in Lok Sabha, the Directions issued by the Speaker under the Rules of Procedure and the decisions/rulings given by the Chair from time-to-time. It is intended to serve as a handy guide for ready reference.

The information contained in this Abstract is, however, not exhaustive. It will, therefore, be prudent to refer to and rely on the original sources for full information.

NEW DELHI

Secretary General