
JATIN GUPTA

Budgetary Process in Parliament

Indian Polity and Constitution

Describe the budgetary process in India. What are some of the concerns associated with it in the recent times?

Only for nagendarajput9753@gmail.com

Reference Link: <https://www.indiaspend.com/budgets-routinely-passed-without-discussion-and-scrutiny-data-show/>

Preparation of Budget Document:

- Every year, the Department of Economic Affairs under MoF sends requisitions to various departments and ministries of the government of India asking for their budgetary demands for the coming financial year.
- The ministries formulate these demands after internal consultations and consultations with the concerned state governments and other stakeholders.
- On the basis of these demands for grants made by various ministries, the MoF prepares the expenditure budget.



Halwa Making Ceremony



Presentation of Budget

The Union Budget comprises various documents.

- Annual financial statement
- Finance Bill
- Memorandum
- Appropriation Bill
- Macro economic framework statement
- Medium-term fiscal policy statement
- Output Outcome Framework
- Gender Budget Document

<https://budgetbasics.openbudgetsindia.org/union-budget#introduction-to-union-budget>

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Presentation of Budget and Discussion:

- After tabling the budget documents in the House of People, the Finance minister makes the budget speech in the House explaining the critical highlights of the Budget.
- This is followed by presentation in the CoS after which **General Discussion** happens in both houses on the budgetary proposals.
- Time is allocated to different political parties on the basis of their strength in their house to provide comments on the budget.
- Post this exercise, both houses of the Parliament go into recess for ~ 2 months.



FM speeches can be a great cure for insomnia





Budgets tend to get the best out of the cartoonists

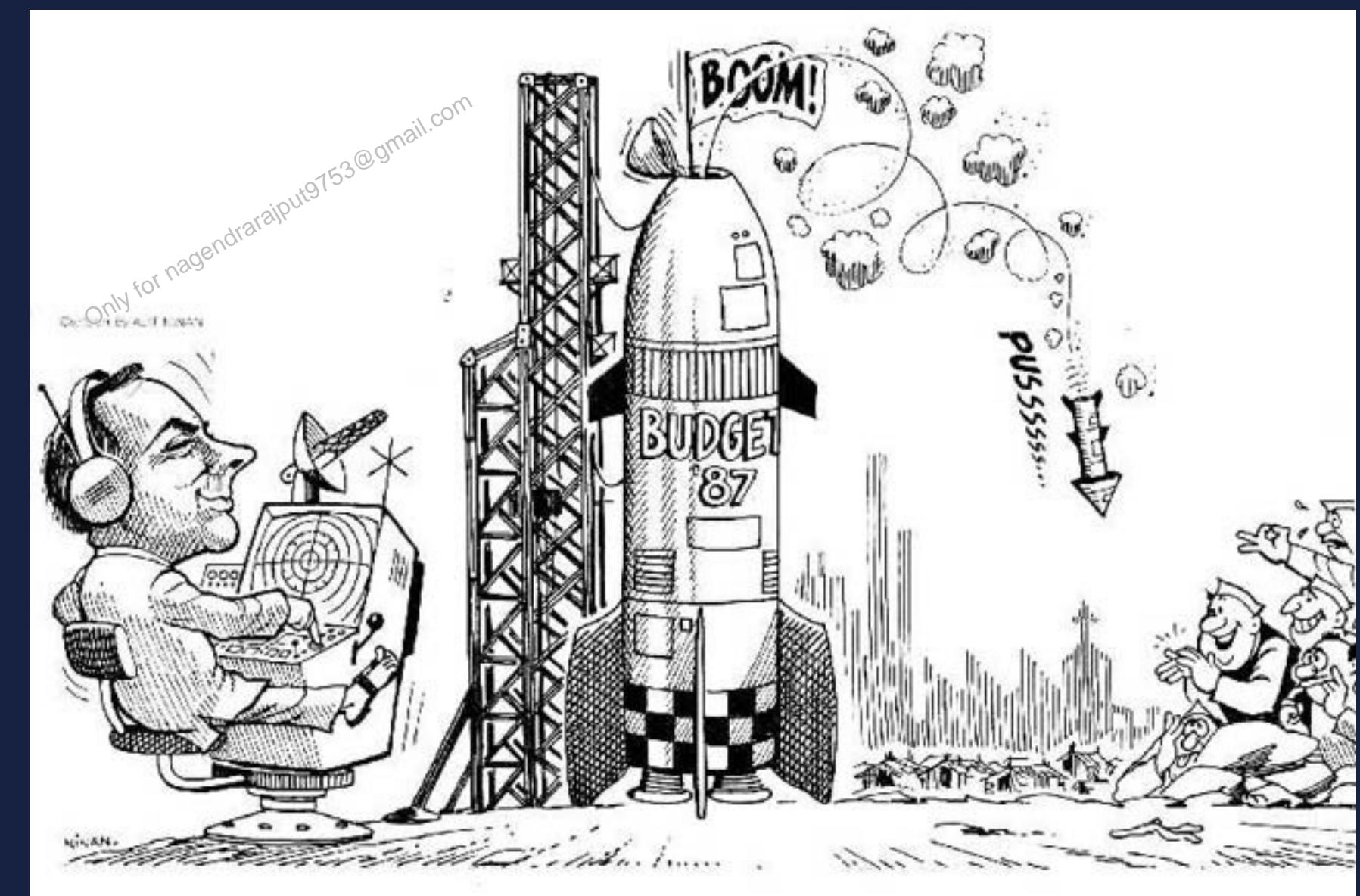


Image Source: India Today



Image Source: India Today

Vote on Account:

- It is a tool used by Parliament to allow the executive to spend the money as per the budget proposals until the Parliament passes the Budget.
- It allows the executive to carry on its usual business and not wait for approval from the Parliament.
- It is passed before the Parliament goes into the break after the general discussion on the budget.

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Committee stage: ✓

- During recess, the DRSCs analyse the grant demand in detail and provide their recommendations as a report.
- Each of these committees analyses the demands made by the specific departments and includes 31 members each (21 from LS and 10 from RS)
- The discussion is generally apolitical and focused on improving the accountability of the executive to the legislature.

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Post-Committee Discussion in Parliament:

- After the reassembly, the demand for grants is discussed in detail on the basis of reports provided by the DRSCs.
- At this stage, members may suggest cutting the demand for grants.
- Even though the discussion on the demand for grants takes place in both Houses but only the LS may introduce cuts.
- Cut motions are nothing but a Parliamentary device on the basis of which the LS can suggest a reduction in the budget demanded by various ministries and departments.

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Various types of cut motion:

- Policy cut motion: It expresses complete disapproval of the policy of the government and reduces the demand for grants to Re 1.
- Token cut motion: If the token cut motion is passed by the House, the demand for grants is reduced by Rs 100. The idea behind the token cut is to express token disapproval of the policy proposed by the executive.
- Economy cut motion: If passed, the demand for grants is reduced by Rs X. Its purpose is to suggest the economy in the expenditure proposed by the government.

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nagendraraop1953@gmail.com

Appropriation Bill:

- All the demand for grants are put in the form of an appropriation Bill to withdraw the money from the consolidated fund of India.
- After the introduction of the cut motion and passing of the demand for grants, the introduction and passing of this bill is a mere formality.

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Finance Bill:

- At this stage, this bill containing the taxation proposals is presented in front of the Parliament.
- Once the finance bill is passed, the budget is deemed passed by the Parliament.

Certain principles need to be followed during the budgetary process in India.

- No taxation proposal should be implemented without the approval of the legislature.
- Any money should be withdrawn from the Consolidated Fund of India only as per the approval of the legislature.
- The popularly elected house i.e. Lok Sabha should have an upper hand in the budgetary process.

Why Parliament doesn't discuss the demand for grants in detail by itself:

- The Parliament consists of layman politicians who lack technical knowledge related to the functioning of specific departments and ministries of the government.
- The Parliament is too big a group to take any effective decision on such complicated matters.
- This task can be best performed by committees that are relatively smaller and therefore more effective.
- The functioning of committees is relatively apolitical as the discussion happens behind closed doors

Various grants made by the executive to the legislature:

- Supplementary grants: It is mentioned under Article 115(1)(a) when the funds allocated under the budget are found to be insufficient to meet the objectives during the current financial year. In such a case, the Parliament may provide the executive with supplementary grants.
- Additional grants: They are granted when the need has arisen for expenditure upon a new service associated with an existing service and not contemplated in the Budget for that year.
- Excess Grant: They are granted when the money has been spent on any service during the financial year over and above the amount granted for the service in the budget for that year. Any excess grant must be approved by the Parliamentary Accounts Committee before they are put to vote in front of the Parliament.

Various grants made by the executive to the legislature:

- Exceptional Grants: They are granted to make an expenditure on a service that is not a part of any service in the current financial year
- Vote of credit: It is granted for meeting an unexpected or exceptional demand on the resources of India when Only for nagaendra raja 103@gmail.com on the account of the magnitude or indefinite character of the service, a demand for the grant has arisen that cannot be ordinarily stated with the details given in the annual financial statement. It is like a blank cheque given by the Parliament to the executive.

THANK YOU

Email Address
jatinguptacse@gmail.com

Only for nagendarajput9753@gmail.com