

Budget

- Nowhere mentioned in the Constitution
- Instead of that Annual Financial Statement is written in Article 112
- Financial Year: 1 April to 31 March
- It describes how much amount is received and how much expenditure is done in Financial Year
- On the recommendation of Acworth Committee Railway And General Budget both were presented separately Since 1921
- Since 2001 Budget was considered in the evening from the British Time, Which was later changed to 11 am by NDA Government
- In 2017, Two major changes were made in Budget:
 - Budget was shifted to 1 Feb from 28 Feb
 - Railway and General budget combined
- This budget was shifted to 1 Feb so that legislative approvals for annual expenditure plans and Tax proposals can be completed before start of Financial Year 1 April

Constitutional Provisions related to Budget

- It is the duty of President to present before both the houses the estimated Expenditure and receipts of One year
- No demand on grant can be placed without prior permission of President
- No money can be withdrawn from CFI until an appropriation bill is passed (Money Bill)
- Money bill will be placed in Lok sabha with prior permission of President
- Parliament can only reduce or abolish the taxes but can not

increase it

- Example: If budget is placed in the Parliament by Political executive with certain amount of taxes then Parliament can not increase the taxes. If can ask to reduce

Expenditure

- Expenditure Made:
 - Will be voted and Discussed in Parliament
- Expenditure Charged:
 - Will not be voted but discussed (Means can not be reduced)
 - President, Chairman, D. chairman, Speaker or D. Speaker: Salary & allowance are charged
 - Salary, Allowance and Pension will be charged for Judge of SC, CAG, Chairman and Members of UPSC
 - Only Pension of Judge of HC will be charged

6-Stages in Enactment of Budget

- Presentation of Budget:
 - Presented by Finance Minister in L.S
 - 90 minute speech in Loksabha
 - Papers will be sent to Rajya sabha also
- General Discussion
 - 2-3 Days in Both the houses
 - Finance minister will also Give reply to the Queries
- Scrutiny by Departmental Committee
 - House adjourned for 3-4 weeks
 - 24 Departmental Comm. check the Budget
 - 1 Committee has 31 members(MPs)
 - They submit report in 3-4 weeks

- Voting on demands for Grants
 - Voting only in Lok sabha
 - Cut Motions can be moved in LS, If passed govt has to resign
 - ♦ Policy Cut: Demand reduced to ₹1
 - ♦ Economy cut: Demand reduced by certain amount
 - ♦ Token Cut: Demand reduced by ₹100

All demands has to be passed in 26 days and if not passed then speaker will place all demands together and get them voted: Known as Guillotine

- After the demands get passed next stage is to withdraw money from CFI and for that Appropriation bill has to be passed (Money bill)
- Passing of Financial Bill (Revenue earning)

Constitutional Amendment Bill

- Indian Constitution is blend of rigidity & flexibility
- Parliament can amend the constitution but not the basic structure
- Part-XX ; Article 368 deals with this
- Source is South Africa

Types of Amendment

- Can be through Arc-368
 - Type-2
 - Type-3
- Through Simple Majority

1) Amendment through Article-368

- Bill has to be initiated through any house
- Can be initiated by Private member of minister
- No prior permission of President is needed
- It is passed in each house with Special Majority
- Has to be passed by both the houses separately and there is no provision of Joint sitting
- If any such change in bill is affecting centre-state relations or federal structure then 50% State ratification is needed with simple majority
- After this the bill will be Presented to President and He must sign to make it an act

Uses of different majorities

1) Simple or Working Majority

- Formation of new state
- No confidence motion
- Financial bill, Money bill or Ordinary bill
- Vote of thanks to President or Governor

2) Absolute Majority

- Used in elections for the Party to prove its majority

3) Effective Majority

- Removal of Chairman or Dpty Chairman of Rajya sabha or state legislative council
- Removal of speaker or Deputy speaker of Loksabha or State legislative assembly

4) Special Majority

- It has 4 Types and Type-2 & 3 are under Article 368..
- Type-1, Under Article 249
 - It empowers the parliament to make law under state list. If Rajya sabha passes a resolution by 2/3 Majority

- This law will be Valid for one year and can be made n number of times
- **Type-2,Under article 368**
 - 2/3 present and voting + Absolute Majority
 - Used in Constitutional Amendment if it is not affecting Federal system
 - If changes in FRs or DPSP is required then also it is used
- **Type-3,**
 - Article 368 is required
 - In addition to that ratification of 50% states is required
 - Used when federal structure is affected
 - If Article 368 is to be changed
 - Used in GST
 - Used for Changes in schedule-VII
- **Type-4**
 - Article 61,Impeachment of President
 - 2/3 of total strength of House

Amendment of Constitution can be done in two ways

- Under Article 368 both Type-2 and Type-3 are covered
- **By Simple Majority**
 - Creating or Abolishing Legislative Council(Parishad)
 - Changes in Citizenship
 - Changes in V or VI schedule