



The Appropriation Bill

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Why in News

Recently, the Lok Sabha cleared the **Appropriation Bill**, allowing the Central government to **draw funds from the Consolidated Fund of India**.

Key Points

- **About:**

Appropriation Bill **gives power to the government to withdraw funds from the Consolidated Fund of India** for meeting the expenditure during the financial year.

- As per **article 114** of the Constitution, the government can withdraw money from the Consolidated Fund only after receiving approval from Parliament.
- The amount withdrawn is used to meet the current **expenditure during the financial year**.

- **Procedure Followed:**

- **The Appropriation Bill is introduced in the Lok Sabha** after discussions on Budget proposals and Voting on Demand for Grants.

The defeat of an Appropriation Bill in a parliamentary vote would **lead to the resignation of a government** or a general election.

- Once it is passed by the Lok Sabha it is sent to the **Rajya Sabha**.

- **Power of Rajya Sabha:**

- It has the power to **recommend any amendments** in this Bill.

- However, it is the prerogative of the **Lok Sabha to either accept or reject the recommendations** made by the Rajya Sabha.

- After the bill receives **assent** from the **president** it becomes an **Appropriation act**.

- The unique feature of the Appropriation Bill is its **automatic repeal clause**, whereby the Act gets repealed by itself after it meets its statutory purpose.

- The government **cannot withdraw money** from the Consolidated Fund of India **till the enactment of the appropriation bill**. However, this takes time and the government needs money to carry on its normal activities. To meet the immediate expenses the **Constitution has authorised the Lok Sabha to make any grant in advance** for a part of the financial year. This provision is known as the **‘Vote on Account’**.

Vote on Account

- **About:**

A vote on account, as defined by **Article 116** of the Indian Constitution, is a **grant in advance** for the central government to **meet short-term expenditure** needs from the Consolidated Fund of India, generally **lasting for a few months** till the new financial year kicks in.

- **Need:**

During an election year the Government either opts for **‘interim Budget’** or for **‘Vote on Account’** as after the election the Ruling Government may change and so the policies.

- **Amendment:**

No amendment can be proposed to an Appropriation Bill **which will have the effect of varying the amount or altering the destination of any grant** so made or of varying the amount of any expenditure charged on the Consolidated Fund of India, and the **decision of the Lok Sabha Speaker as to whether such an amendment is admissible is final**.

- **Appropriation Bill vs Finance Bill:**

- While the **Finance Bill** contains provisions on financing the expenditure of the government, an **Appropriation Bill** specifies the quantum and purpose for withdrawing money.
- Both appropriation and finance bills are classified as **money bills** which do not require the explicit consent of the Rajya Sabha. The **Rajya Sabha only discusses them and returns the bills.**

- **Money Bill:**

- A Bill is said to be a Money Bill if it only **contains provisions related to taxation, borrowing of money by the government, expenditure from or receipt** to the Consolidated Fund of India.
 - Bills that only contain **provisions that are incidental to these matters** would also be regarded as Money Bills.

Consolidated Fund of India

- It was constituted under **Article 266 (1)** of the Constitution of India.
- It is made up of:
 - All **revenues received** by the Centre by way of taxes (Income Tax, Central Excise, Customs and other receipts) and all non-tax revenues.
 - All **loans raised** by the Centre by issue of Public notifications, treasury bills (internal debt) and from foreign governments and international institutions (external debt).
- All **government expenditures are incurred from this fund** (except exceptional items which are met from the Contingency Fund or the Public Account) and no amount can be withdrawn from the Fund without authorization from the Parliament.
- The **Comptroller and Auditor-General of India (CAG)** audits the fund and reports to the relevant legislatures on the management.

Stages of Budget in the parliament

- Presentation of Budget.
- General discussion.
- Scrutiny by Departmental Committees.
- Voting on Demands for Grants.
- Passing an Appropriation Bill.
- Passing of Finance Bill.

Source:TH