



Appropriation Bill

For Prelims: Appropriation Bills, Consolidated Fund of India, Lok Sabha, Rajya Sabha, Vote on Account, Article 116, Finance Bill, money bills

For Mains: Appropriation Bill, Finance Bill, Consolidated Fund of India,

Why in News?

Recently, the Union Finance Minister moved the Appropriation (No.5) Bill, 2022, and Appropriation (No.4) Bill, 2022, in the Rajya Sabha.

- The bill **authorized payment and appropriation of certain further sums from and out of the [Consolidated Fund of India](#)** for the services of the financial year 2022-2023 for consideration and return.

What is an Appropriation Bill?

- **About:**
 - The 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 - The amount withdrawn is used to meet the current expenditure during the financial year.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.
 - **Rajya Sabha** 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 - The unique feature of the Appropriation Bill is its automatic repeal clause, whereby the Act gets repealed by itself after it meets its statutory purpose.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'.
 - **A vote on account is defined in Article 116 of the Indian Constitution**.
 - 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.

What is the Difference between Appropriation Bill and 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.

What is the 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.

What are the Stages of Stages of Budget in Parliament?

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

UPSC Civil Services Examination, Previous Year Questions (PYQs)

Q1. Which of the following are the methods of Parliamentary control over public finance in India? (2012)

1. Placing Annual Financial Statement before the Parliament
2. Withdrawal of moneys from Consolidated Fund of India only after passing the Appropriation Bill
3. Provisions of supplementary grants and vote-on account
4. A periodic or at least a mid-year review of programme of the Government against macroeconomic forecasts and expenditure by a Parliamentary Budget Office
5. Introducing Finance Bill in the Parliament

Select the correct answer using the codes given below:

- (a) 1, 2, 3 and 5 only
- (b) 1, 2 and 4 only
- (c) 3, 4 and 5 only

(d) 1, 2, 3, 4 and 5

Ans: (a)

- The Parliament is the custodian of public money, it keeps control over public finances through various means. There are various constitutional provisions which enable parliament to keep a check on the executive by controlling public finances;
- **Article 266:** All revenues and receipts of government to go to a 'Consolidated Fund' and moneys can be withdrawn from the 'Fund' only in accordance with laws passed by Parliament. **Hence, 2 is correct.**
- **Article 112:** President to place Annual Financial Statement before Parliament every financial year. Charged and voted estimates of expenditure to be shown separately. Expenditure on revenue account to be shown as distinct from other expenditure. **Hence, 1 is correct.**
- Finance Bill is introduced at the time of presentation of Annual Financial Statement in fulfilment of the requirement of Article 110 of Constitution detailing the imposition, abolition, remission, alteration or regulation of taxes proposed in the budget. **Hence, 5 is correct.**
- **Article 113:** Charged expenditure not to be submitted to the vote of Parliament. Expenditure of estimates to be submitted in the form of demands for Grants to the Parliament for its assessment. Prior recommendation of the President is necessary for placing demands for Grants.
- **Article 114:** Withdrawal of moneys from the Consolidated Fund only after passing of the Appropriation Bill.
- **Article 115:** Provision of supplementary, additional or excess grants.
- **Article 116:** Provision of vote on account, vote on credit and exceptional grants. **Hence, 3 is correct.**
- However, there is no provision of mid-year review of programmes by the budget office of the parliament. Hence, 4 is not correct. Therefore, option (a) is the correct answer.

Q2. What is the difference between “vote-on-account” and “Interim Budget”? (2011)

1. The provision of a “vote-on-account” is used by a regular Government while an “interim budget” is a provision used by a caretaker Government.
2. A “vote-on-account” only deals with the expenditure in the Government's budget, while an “interim budget” includes both expenditure and receipts.

Which of the statements given above is/are correct?

- (a) 1 only
- (b) 2 only
- (c) Both 1 and 2
- (d) Neither 1 nor 2

Ans: (b)

Source: IE