

# Money Bills

February 22, 2021

The Congress has written to Lok Sabha Speaker Om Birla, urging him not to bypass the Rajya Sabha by declaring seven key Bills, including the one on privatising two public sector banks, as “money bills”. The letter reopens the debate on legislative powers of an “indirectly elected” House versus a “directly elected” one.

**In news:** Issue of Delhi Assembly and Legislative Committee's Competence To Summon Facebook For Enquiry Into Delhi Riots

**Placing it in syllabus:** Law & Policy

## Dimensions

- What is a Money Bill?
- Procedure to certify and pass Money Bills
- List of Bills that may be certified as Money Bills
- How is Rajya Sabha at a disadvantage?
- Evaluation of recent attempts to use Money bill route
- Way Forward

## Content:

### 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 on all or any of the following:**

- (a) imposition, abolition, remission, alteration or regulation of any tax;
- (b) regulation of borrowing by the government;
- (c) custody of the Consolidated Fund or Contingency Fund of India, and payments into or withdrawals from these Funds;
- (d) appropriation of moneys out of the Consolidated Fund of India;

- (e) 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) 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 (a) to (f).

However, a bill is **not to be deemed to be a money bill** by reason only that it provides for:

- the imposition of fines or other pecuniary penalties, or
- the demand or payment of fees for licenses or fees for services rendered; or
- the imposition, abolition, remission, alteration or regulation of any tax by any local authority or body for local purposes.

## Procedure to certify and pass Money Bills

- A **Money Bill is certified by the Speaker** as such – only those Financial Bills that carry the Speaker's certification are Money Bills.
- The **Constitution lays down a special procedure for the passing of money bills** in the Parliament.
- A money bill can **only be introduced in the Lok Sabha**.
- They can be introduced **only on the recommendation of the President**.
- Every Money Bill is **considered to be a government bill** and can be introduced **only by a minister**.

### **Money Bill in the Rajya Sabha**

- After a money bill is passed by the Lok Sabha, it is transmitted to the Rajya Sabha for its consideration.
- Rajya Sabha **must return the bill to the Lok Sabha within 14 days**, whether with or without recommendations.

- The **Lok Sabha can either accept or reject all or any of the recommendations** of the Rajya Sabha.
- If the Lok Sabha accepts any recommendation, the bill is then deemed to have been passed by both the Houses in the modified form.
- If the Lok Sabha does not accept any recommendation, the bill is then deemed to have passed by both the Houses in the form originally passed by the Lok Sabha without any change.
- If the Rajya Sabha does not return the bill to the Lok Sabha within 14 days, the bill is deemed to have been passed by both the Houses in the form originally passed by the Lok Sabha.

### ***Assent of the President***

- When a money bill is presented to the president, he may either give his assent to the bill or withhold his assent to the bill but cannot return the bill for reconsideration of the Houses.
- Normally, the president gives his assent to a money bill as it is introduced in the Parliament with his prior permission.

### ***Resolution of disputes related to Money Bill***

- If any question arises whether a bill is a money bill or not, the **decision of the Speaker of the Lok Sabha is final.**
- His **decision in this regard cannot be questioned in any court of law** or in either the House of Parliament or even the president.

List of Bills that may be certified as Money Bills

- ***Higher Education Commission of India (HECI), bill :***
- Aims to create a single regulator for higher education, replacing the University Grants Commission (UGC) and the

All India Council for Technical Education (AICTE)

- It will bring almost all areas of higher education including technical, architectural and legal courses under the ambit of a single umbrella body.
- Commission will specify the learning outcomes of courses, the eligibility criteria for Vice Chancellors, and order the closure of higher educational institutions that fail to adhere to the minimum standards.
- ***The National Bank for Financing Infrastructure and Development (NaBFID) Bill 2021***
- Aims to set up of a Development Finance Institution to fund infrastructure projects
- ***Unified securities markets code:***
- It will merge all market regulatory laws
- Finance Minister Nirmala Sitharaman in her Budget speech for 2021-22 proposed to consolidate the provisions of Sebi Act, Depositories Act, Securities Contracts (Regulation) Act and Government Securities Act into a rationalised single securities markets code.
- ***Amendment to the Fiscal Responsibility and Budget Management Act (FRBM)***
- ***Amendments to Deposit Insurance and Credit Guarantee Corporation Act***
- provides insurance cover for bank account holders
- ***The Amendments to the Life Insurance Act, 1956:***
- It was tabled along with the Finance Bill.
- Proposes to increase the authorised share capital of the corporation to ₹25,000 crore divided into 2,500 crore shares of ₹10 each.
- Will bring Initial Public Offering (IPO) of LIC.

## How is Rajya Sabha at a disadvantage?

- For most bills introduced in the parliament Rajya Sabha enjoys similar powers as the Lok Sabha.
- Rajya Sabha can discuss, pass, reject or amend ordinary bills. Every bill has to pass through the same stages in each House.
- However, the **procedure of passage of Money Bills gives greater powers to Lok Sabha than Rajya Sabha.**
- Under Article 109 (1), such a Bill can be introduced only in Lok Sabha. Once passed by Lok Sabha, it goes to Rajya Sabha.
- Rajya Sabha can neither reject nor amend a Money Bill and it must return such bill within 14 days to the Lok Sabha. After returning the bill Lok Sabha may accept or reject all or any of its recommendations.
- In either case, the Bill is deemed to have been passed by both Houses.
- Under Article 109 (5), if Rajya Sabha fails to return the Bill to Lok Sabha within 14 days, it is deemed to have been passed anyway.
- In the case of a Money Bill, the bill does not go to a joint sitting, and Lok Sabha can override the wish of Rajya Sabha.
- It is thus clear that Rajya Sabha has no power with respect to the passing of a Money Bill except delaying its passing for a period of 14 days.

## Evaluation of recent attempts to use Money bill route

- A money bill is increasingly used by the government that does not have a majority in the Rajya Sabha.
- The important bills passed using this method include: Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, Insolvency and Bankruptcy Act etc

- Even Now when the Ruling party has majority in the Rajya Sabha, Money bill route is proposed to expedite the passing of these bills.

***The opposition has criticised these moves for the following reasons:***

- The role of the Rajya Sabha is undermined.
- Using such means to bypass the Rajya Sabha amounts to abuse of the constitutional process.

Way Forward:

- The Lok Sabha Speaker must act responsibly in a non-partisan manner.
- The Joint sitting of the Parliaments can be used as an effective tool to resolve any differences between the two houses in most cases.

**Mould your thought:** What is a money bill? What are the problems of using money bills to pass ordinary legislation?***Approach to the answer:***

- Introduction
- Define Money bill
- Discuss the unequal position of RS wrt Money Bills
- List out the problems of using Money bills indiscriminately
- Way Forward