

Supplementary Demand for Grants

September 15, 2020

In addition to the budget that contains the ordinary estimates of income and expenditure for one financial year, various other grants are made by the Parliament under extraordinary or special circumstances. Supplementary grant is granted when the **amount authorised by the Parliament through the appropriation act** for a particular service for the current financial year is **found to be insufficient** for that year.

Supplementary Grants

- When grants, authorised by the Parliament, fall short of the required expenditure, an estimate is presented before the Parliament for supplementary or additional grants. These grants are **presented and passed by the Parliament before the end of the financial year.**
- Supplementary grants are **regulated by the same procedure which is applicable in the case of a regular budget.** The demand for grants are voted upon and it's the exclusive privilege of Lok Sabha.

Current Fiscal

- Finance minister has sought the Parliament nod for additional spending of Rs 2.35 lakh crore, which include cash outgo of Rs 1.66 lakh crore, **primarily to meet expenses for combating the COVID-19 pandemic.**
- Of the total cash outgo, Rs 40,000 crore has been sought towards enhanced expenditure under **Mahatma Gandhi National Rural Employment Guarantee Program**, Rs 20,000 crore towards **capital infusion in public sector banks** and Rs 33,771.48 crore for **direct benefit transfer under Pradhan Mantri Jan Dhan Yojana and National Social Assistance Programme.**

- The government has also sought Rs 46,602.43 crore towards providing additional allocation under **Post Devolution Revenue Deficit Grant to states as per recommendations of the Fifteenth Finance Commission.**

Other Types of Grants

- **Additional Grant:** It is granted when a need has arisen during the current financial year for additional expenditure upon some **new service not contemplated in the budget for that year.**
- **Excess Grant:** It is granted when **money has been spent** on any service during a financial year in excess of the amount granted for that service in the budget for that year. It is **voted by the Lok Sabha after the financial year.** Before the demands for excess grants are submitted to the Lok Sabha for voting, they must be approved by the Public Accounts Committee of Parliament.
- **Vote of Credit:** It is granted for **meeting an unexpected demand** upon the resources of India, when on account of the magnitude or the indefinite character of the service, the demand cannot be stated with the details ordinarily given in a budget. Hence, it is like a blank cheque given to the Executive by the Lok Sabha.
- **Exceptional Grant:** It is granted for a **special purpose** and forms no part of the current service of any financial year.
- **Token Grant:** It is granted when **funds to meet the proposed expenditure on a new service can be made available by reappropriation.** A demand for the grant of a token sum (of Re 1) is submitted to the vote of the Lok Sabha and if assented, funds are made available. Reappropriation involves transfer of funds from one head to another. It does not involve any additional expenditure.