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BILLS IN INDIA

Treasury bills are money market instruments issued by the Government of India as a promissory note with guaranteed repayment at a later date. Funds collected through such tools are typically used to meet short term requirements of the government, hence, to reduce the overall fiscal deficit of a country.

A bill is a proposal for a new law, or a proposal to significantly change an existing law. A bill does not become law until it is passed by the legislature and has been, in most cases, approved by the executive.

How many types of finance bills are there in India?

Finance Bills are divided into three classes - Finance Bill Category I, Finance Bill Category II, and the Money Bill. Money Bills contain provisions related to regulation or borrowing, amendments to tax laws at the Union or the state level, withdrawal of money from a contingency or consolidated fund, etc.

The Finance Bill is a part of Union Budget of India, which specify all legal amendments required for the changes in taxation proposed by the Finance Minister. The lower house of the Parliament Lok Sabha needs to pass Finance Bill, as a Money Bill, which becomes the Finance Act after the approval of Lok Sabha.

What is a Finance Bill?

Finance Bill is a Money Bill, the government seeks to levy new taxes, make alterations in the current tax structure, or make proposals for the continuance of the present tax structure for a certain period beyond what was originally approved by the Parliament. The Parliament approves this bill for one fiscal year. Post getting approved, the Finance Bill becomes the Finance Act.

Features of the Finance Bill

- Finance Bills are divided into three classes - Finance Bill Category I, Finance Bill Category II, and the Money Bill.
- Money Bills contain provisions related to regulation or borrowing, amendments to tax laws at the Union or the state level, withdrawal of money from a contingency or consolidated fund, etc.
- Finance Bills, of both categories, contain provisions related to expenditure, taxation, or any other matter.
- A Money Bill will always be a Finance Bill. However, a Finance Bill need not necessarily be a Money Bill.
- The Finance Bill can only be introduced in the lower chamber of the Parliament or the Lok Sabha.
- The Rajya Sabha can make recommendations to the bill. The bill will have to be returned by the Rajya Sabha within 14 days of receiving it, else it will be deemed as passed.
- If the bill is returned without any recommendations to the Lok Sabha, the same will be presented to the President for his/her approval.
- Even if the bill is returned with recommendations, the Lok Sabha has the power to accept or reject all of these recommendations. The Lok Sabha will have to inform the Rajya Sabha about the status of the recommendations.
- Whether the Lok Sabha accepts all the recommendations or not, the bill will be deemed to have been passed by both the Houses.
- For all other bills, the final passing of the said bill will happen at the Rajya Sabha. However, for Money Bills, the final passing will happen at the Lok Sabha. This will then be sent to the President of India for his/her assent.
- The President cannot return a Money Bill will recommendations to the Lok Sabha, for any purpose.