Finance Bill

A Finance Bill is a Bill that is typically introduced each year to give effect to the Government of India's financial proposals for the upcoming fiscal year as well as a Bill to give effect to supplementary financial proposals for any period, as defined by Rule 219 of the Lok Sabha's Rules of Procedure.

The Finance Bill is a money bill presented by the government to impose new taxes, change the current tax system, or make proposals to maintain the current tax system beyond the period originally approved by the Parliament. "Act for Appropriation of Funds for Appropriations" is another name for Finance Bill.

- A country's government can effectively manage and control its economy by enacting finance laws.
- The Annual Financial Statement, also known as the Union Budget of India, is a financial report made public by the Indian government that lists the estimated expenses and revenue for a specific fiscal year.
- This is in contrast to money bills, known as finance bills. Article 110(a) of the Indian Constitution mandates that a finance bill be submitted together with the budget.

Finance Bill: Features

The feature of the Finance Bill are as follows:

- A Finance Bill is an account of what is paid and what is received, which is a very good representation of a country's finances.
- This is a receipt showing the exchange between the two parties, in this case, the international trade of each country.
- This is a written order sent by one party to another that promises to receive goods in an amount paid or to be paid by a date.

Types of Finance Bills

A Finance Bill can be termed a Money Bill, but the same does not apply vice versa. Money bills include regulations and borrowing, changes to federal and state tax laws, and withdrawal of funds from emergency and integrated funds.

Finance Bills in both categories include provisions for costs, taxes, and more. Finance Bills can only be introduced in the House of Representatives of the Parliament or Lok Sabha. Finance Bill falls into three categories:

Finance Bill category I (Financial Bill 1)

In addition to any or all of the items specified in the Money Bill, a Financial Bill 1 also includes other pieces of general law. Article 117 (1) of the Constitution governs how it is handled.

- It is comparable to a money bill in two ways: both can be introduced only in the Lok Sabha and not the Rajya Sabha.
- Only on the President's recommendation may either of them be introduced.

A Financial Bill 1 is considered an ordinary bill in all other regards. i.e.,

- The Rajya Sabha has the option of rejecting it or amending it.
- If there is a dispute over such a law between the two Houses, the President may call a joint session of both Houses to break the impasse.

- The President has three options after being presented with the bill: he may either sign it, refuse to sign it, or send it back to the Houses for further deliberation.

Finance Bill category II (Financial Bill 2)

A Financial Bill 2 does not include any of the items listed in Article 110, but it does contain provisions regarding expenditures from the Consolidated Fund of India. The Constitution's Article 117 (3) governs how it is handled.

- The same legislative process that applies to a regular bill also applies to this one.
- Any House of Parliament may introduce such bills.
- However, for either House to examine these Bills, the President's advice is required; in the absence of this recommendation, neither House can enact the Bill.

Money Bills

Article 110 of the Indian Constitution defines a money bill. Money bills deal with money-related issues like taxation, government spending, etc. Even while money bills are a type of financial bill, not all financial bills are money bills.

- A bill's status as a money bill is determined by the speaker.
- A money bill must be introduced with the President's suggestion; the President may accept or reject it, but he or she may not send it back for revision.

Finance Bills are most beneficial in international trade because they can easily adapt to the risks and fluctuations associated with international trade. Since these transactions are made between countries and are of great value, only banks and other financial institutions process these transactions.

Finance Bill: Important Facts

As the name implies, a finance bill deals with the nation's finances; it may be about taxes, spending, borrowing, revenues, etc. These topics are covered by the Union Budget, passed as a finance bill.

- The Rajya Sabha can make suggestions within 14 days. If there is no recommendation or modification suggested from their side, it will be considered accepted.
- Even if the invoice is returned with the recommendations, Lok Sabha has the authority to accept or reject such recommendations and notify Rajya Sabha of the same.
- Regardless of whether Lok Sabha accepts all recommendations, the bill is considered passed by both homes.
- For all other Bills, the final passage of that bill will take place in Rajya Sabha. However, for money bills, the final delivery will be at Lok Sabha, which will be sent to the President of India for approval.
- The President cannot return a willing recommendation to Lok Sabha for any purpose.

The Finance Bill is a substantial part of the Indian Budget System. Any law or rule related to any financial amendment, taxation, or the increase or decrease in commodity prices must first be presented through this Finance Bill. The conditions will be met only after it has been thoroughly reviewed and approved by the authorities as specified above.