



KAMARAJ IAS ACADEMY
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Demand for Grants

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Why is in news? The Lok Sabha recently passed the Demands for Grants for Budget 2023-24 and the Appropriation Bill by a voice vote without any discussion.

About Demand for Grants

It is a well-established principle among modern democracies that no money can be withdrawn from the exchequer of the country without the authority of law.

It means that any withdrawal or disbursement from the Consolidated Fund of India can only be done by passing a bill in the Lok Sabha, the house of people.

Every ministry prepares a demand for grants for the expenditure to be incurred in the next financial year. These demands are collectively presented in the Lok Sabha as part of the Union Budget

Constitutional Provisions

Article 113 of the Constitution requires that any proposal or estimate seeking withdrawal of money from the Consolidated Fund of India should be presented to the Lok Sabha in the form of a demand for grants.

Under Articles 117 and 274 of the Indian Constitution, a Presidential recommendation is also required for tabling a Money Bill in the Lok Sabha.

The Finance Bill, accompanying the annual financial statement which is called the Union Budget, also carries a certificate issued by the President.

Key parts of Demand for Grants

The demand for grants include both charged and voted expenditure. Charged expenditures are considered liabilities of the government of India such as payment of interest and are not put to vote in the Lok Sabha.

The other category of expenditure is voted expenditure that includes revenue and capital expenditure to be incurred on a government scheme in the next financial year.

Usually, there is a demand for grant for each ministry, but large ministries like Finance and Defence have more than one demand for grants.

Demand for Grants: How it is prepared

Each demand for grant is prepared in two ways:

1 First, it clearly distinguishes the charged expenditure and the voted expenditure

2 It also classifies expenditure as capital expenditure and revenue expenditure

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3While capital expenditure results in the creation of some kind of assets for the government, revenue expenditures are operational in nature

4In addition to giving the break-up of charged and voted expenditure and revenue and capital expenditure, a demand for grants also gives a gross estimate of the total expenditure to be incurred.

A demand for grants also gives the following:

Break-up of expenditure under different heads of account and

Lists out the recoveries to be made from the scheme.

The net amount of expenditure after deducting the recoveries is also shown.

Each demand for grants also includes:

1The total provisions required for a service or scheme, basically both revenue and capital expenditure

2Any assistance to be given to states and UTs

3Loans and advances related to that service or scheme