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# Money Bill

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**Why is in news?** Chief Justice of India DY Chandrachud said on Friday (October 6) that a seven judge bench will soon be set up to hear a batch of pleas challenging the Centre's use of the money bill route to pass certain key legislations.

## About:

CJI Chandrachud's observation about setting up a seven judge bench came during the hearing challenging set of amendments to the Prevention of Money Laundering Act (PMLA).

In July 2022, a three-judge bench had upheld the PMLA and the vast powers of the ED. However, the bench had **left the validity of amendments to the PMLA through the Money Bill route** open for a larger Constitution bench to hear.

The Finance Acts passed in 2015, 2016, 2018 and 2019 brought in crucial amendments to the PMLA.

Finance Bills passed during the budget are introduced as money bills under Article 110 of the Constitution.

## Money bill:

Under Article 110(1), a Bill is deemed to be a money Bill if it deals **only with matters specified in Article 110 (1) (a) to (g)** — taxation, borrowing by the government and **appropriation of money from the Consolidated Fund of India** among others.

A money Bill can **only be introduced in Lok Sabha** and does **not need the consent of Rajya Sabha**.

According to Article 110 (3) of the Constitution, "if any question arises whether a Bill is a Money Bill or not, the decision of the Speaker of the House of the People thereon shall be final."

## Criteria to become a money bill:

According to the Constitution of India, a bill is considered a Money Bill if it contains only provisions dealing with all or any of the following matters:

The imposition, abolition, remission, alteration, or regulation of any tax.

The regulation of the borrowing of money or the giving of any guarantee by the Government of India.

The custody of the Consolidated Fund or the Contingency Fund of India, the payment of money into or the withdrawal of money from any such fund.

The appropriation of money out of the Consolidated Fund of India.

The declaring of any expenditure to be expenditure charged on the Consolidated Fund of India or the increasing of the amount of any such expenditure.

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The 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.

Any matter incidental to any of the matters specified above.

### **Procedure for the passage of the Money Bill:**

The Constitution lays out a special procedure for the passing of money bills in Parliament.

Money bills can **only be introduced in the Lok Sabha** and only with the recommendation of the President.

Money bills are considered government bills and can only be introduced by a minister.

After a money bill is passed by the Lok Sabha, it is transmitted to the Rajya Sabha for consideration. The Rajya Sabha has limited powers with regard to money bills and can only make recommendations and cannot reject or amend the bill.

The Rajya Sabha must return the bill to the Lok Sabha within 14 days, with or without recommendations. The Lok Sabha can accept or reject any recommendations made by the Rajya Sabha.

If the Lok Sabha accepts any recommendations, the bill is deemed to have been passed by both Houses in the modified form.

If the Lok Sabha does not accept any recommendations, the bill is deemed to have passed by both 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 Houses in the form originally passed by the Lok Sabha.

The Lok Sabha has more powers than the Rajya Sabha with regard to money bills.

When a money bill is presented to the President, he may give or withhold his assent to the bill but cannot return the bill for reconsideration.

The President normally gives assent to a money bill as it is introduced in the Parliament with his prior permission.

Issues with the money bill:

Provisions of a money bill should **not be used to bypass the legislative process or to evade the scrutiny** of the Rajya Sabha.

During the **passage of the Aadhaar Act 2016**, Opposition has claimed that enabling a fair and equitable distribution of benefits and subsidies is not a money matter under Article 110. Hence, it has questioned the legality of the Aadhaar Bill as a money bill.

There are **allegations of partisan role by the speaker** through the sole discretion given to the speaker for certifying the bill as a money bill. The court **in the Aadhaar case** had said that the **Speaker's decision will be subject to judicial scrutiny**.

The Supreme Court held that a money bill should not contain provisions that are not directly related to the subjects listed in Article 110 of the Constitution of India (which defines the subjects that can be covered by a money bill).

In November 2019, **in Roger Matthew vs Union of India**, the Supreme Court heard the challenge against tweaks in the **service conditions of tribunal members** which was **also introduced as a money bill** in the Finance Act, 2017.

While a five judge bench of the court **struck down the law as unconstitutional** for interfering with judicial independence, it referred the money bill aspect to a larger constitution bench.

### **Difference between a money bill and a financial bill:**

#### **Money Bill:**

It can only be introduced in the Lok Sabha

It must be **introduced on the President's recommendation.**

It must **originate only in the Lok Sabha.**

**Rajya Sabha's involvement is limited;** it can only provide recommendations. (Article 117)

It's not mandatory for Money Bills to include Rajya Sabha's recommendations.

It deals exclusively with matters listed in Article 110(1) of the Constitution.

It must be **certified by the Speaker as a Money Bill** if it falls under Article 110(1)

Lok Sabha's decision prevails in case of disagreements with the Rajya Sabha.

#### **Financial Bills:**

It can be introduced in **either the Lok Sabha or the Rajya Sabha.**

President's recommendation is required if the Bill involves **expenditure from the Consolidated Fund of India.**

President's recommendation is **necessary for Category I** at the **introduction stage** and for **Category II at the consideration stage.**

Category II can originate in either the Lok Sabha or the Rajya Sabha.

Rajya Sabha can **fully participate**, including amendments and discussions. The provision for Rajya Sabha's recommendations to be included in Financial Bills.

It deals with **matters beyond those listed in Article 110(1)** and can include other financial provisions.

It requires **agreement of both Houses** for passage.