Structural Changes through Finance Bill

What is the issue?

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- The Finance Bill, 2017 has been passed by Lok Sabha recently.
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- It not only has changes to applicable taxes, but also many structural changes to institutions and sectors.
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What is finance bill and how it is passed?

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- Finance Bill typically includes provisions that give effect to the imposition of a tax or a change in existing tax rates — such as a lowering of income tax, or changes to corporate tax, customs or excise duties.
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- Since the Finance Bill is a Money Bill, it only needs the approval of Lok Sabha, and Rajya Sabha may only make recommendations.
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- If Rajya Sabha does not pass the Bill within 14 calendar days, it is deemed to be passed.
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- It is different from Financial Bill, which involves matters in Article 110n along with other matters and hence can be resolved by Joint Sitting in case of deadlock.
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What the government has done recently?

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- The Finance Bill, 2017 allows the central government to specify the

appointments, tenure, removal, and reappointment of chairpersons and members of Tribunals through Rules.
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- At present, these provisions are specified in the parent laws establishing these Tribunals.
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- The issue here is whether it is appropriate to delegate such matters to the government through rules.
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What is the difference between Bill and rules?

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- A Bill passed by Parliament includes the broad regulatory framework and principles governing the sector.
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- It allows the government to specify the details of implementation through rules.
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- The idea behind delegating rulemaking to the government is to address the need for expediency and flexibility in implementation of laws.
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- While a Bill requires parliamentary approval in order to be enforced, rules do not require such approval.
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- Giving the government the power to make rules regarding the appointment, removal, and reappointment of members on a Tribunal lowers the threshold of parliamentary scrutiny.
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What do the experts criticize?

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- In 2014, the Supreme Court, while examining provisions related to the National Tax Tribunal, had held that Appellate Tribunals have powers and functions similar to that of High Courts, and hence matters related to the appointment and reappointment of their members must be free from executive involvement.
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- The lawmaking process has evolved over the years to ensure detailed scrutiny, deliberations, expert feedback and public consultation on legislative proposals of the government through the establishment of Parliamentary Standing Committees.
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- While demands for grants of various ministries in the Union Budget are examined by Parliamentary Standing Committees during the Budget session, the tax proposals in the Finance Bill are not.
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- Therefore, such instances where structural changes to laws are included in the Finance Bill **bypass institutional checks and balances** that ensure the role of both Houses of Parliament in lawmaking.
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- Most of the changes amount to separate legislations and cannot be part of a Money Bill because Lok Sabha has exclusive power to debate and vote on Money Bills.
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Source: Indian Express

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