

FINANCIAL EMERGENCY:

- ✓ The Financial Emergency is mentioned under Article 360 of the Indian Constitution.
- ✓ In India the Financial Emergency is not imposed so far.
- ✓ The Financial Emergency is imposed by the President of India if he is satisfied that the situation has arisen due to which the financial stability or credit of India or any part of its territory is threatened.
- ✓ The proclamation of the financial emergency must be approved by both the Houses of the Parliament within 2 months from the date of issue.
- ✓ The proclamation once approved by the Parliament with simple majority **continues indefinitely** till it is revoked.
- ✓ This means
 - ✚ There is no maximum period
 - ✚ There is no repeated parliamentary approval
- ✓ **APPROVAL:**
- ✓ The proclamation of the Financial Emergency must be approved by both the Houses of the Parliament within 2 months from the date of issue.
- ✓ If the Lok Sabha has been dissolved at that time or dissolution takes place during the period of 2 months then the Rajya Sabha must approve the same in the mean time.
- ✓ The proclamation of the financial emergency survives until 30 days from the 1st sitting of the newly elected Lok Sabha.

How the Financial Emergency is revoked?

- ✓ The Financial Emergency is revoked by the President at any time by a subsequent proclamation.
- ✓ The 38th amendment act of 1975 made that the proclamation of financial emergency cannot be questioned in the court of law.
- ✓ The 44th amendment act of 1978 allowed the Judicial review.

IMPLICATIONS OF THE FINANCIAL EMERGENCY:

- ✓ The central government directs the states to observe such canons (standards, rules) of financial propriety as specified by it.
- ✓ The directions are given by the President.
- ✓ The salaries and allowances of all or any class of persons serving in the state are reduced.
- ✓ All money bills in the state are reserved for the consideration of the President after they are passed by the state legislature.
- ✓ The President may also issue direction for the reduction of salaries and allowances of all or any class of persons serving the Union.
- ✓ The salaries and allowances of the judges of Supreme Court and High courts may also be reduced by the President.