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Title: Discussion on the motion for consideration of the Government Securities Bill, 2004 (Motion Adopted and Bill Passed).

MR. SPEAKER: Item No. 14. - Shri P. Chidambaram.

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): Sir, I beg to move:

"That the Bill to consolidate and amend the law relating to Government securities and its management by the Reserve Bank of India and for matters connected therewith or incidental thereto, be taken into consideration. "

...(Interruptions)[\[R11\]](#)

Mr. Speaker, Sir, the law relating to Government Securities and their management by the Reserve Bank of India is laid down in the Public Debt Act, 1944. Over the years, a number of rigidities and deficiencies were noticed in the Public Debt Act and the rules framed thereunder. The procedures provided in the Public Debt Act were time-consuming and some of the provisions had ceased to be relevant to the present context. In the wake of tremendous increase in the volume of public debt, the RBI, agency banks and the treasuries were handicapped in improving customer service. ...(Interruptions)

It was, therefore, considered desirable to enact a new legislation in place of Public Debt Act, 1944 and to repeal the redundant Indian Securities Act, 1920, the predecessor Act to the PD Act. The recommendations of a Committee constituted to examine the entire gamut of the Government securities management was considered for framing the new Bill. ...(Interruptions)

Government Securities Bill was introduced in Lok Sabha on December 21, 2004 and referred to the Standing Committee on Finance on December 23, 2004. The Standing Committee has agreed that the enactment of this legislation will give greater scope for creation of a liquid Government securities market and also bring forth considerable improvement in the securities transactions. ...(Interruptions)

The Standing Committee recommended five amendments and suggested that the Government may explore the possibility of creating a dedicated fund wherein unclaimed amounts of Government securities could be kept and accruals under which could be utilised for enabling post maturity interest payment in bonafide cases by amending clause 23. ...(Interruptions)

The Government has examined the Report of the Standing Committee and accepted the recommendations of the Committee regarding the five amendments. On the issue of payment of post maturity interest and creation of a dedicated fund for the purpose, it is proposed to amend clause 23 to enable payment of interest beyond six year limitation. However, it is proposed to delink the issue of payment of interest beyond six years from creation of dedicated fund. Creation of dedicated fund is not supported on the grounds, inter alia, of (i) administrative difficulties in setting up 29 funds (Central Government plus 28 State Governments); (ii) limited balances of unclaimed amounts; (iii) availability of payments beyond 20 year limitation for principal under extant arrangement; and (iv) limited anticipated inflows in future on account of demat. ...(Interruptions)

MR. SPEAKER: Motion moved:

"That the Bill to consolidate and amend the law relating to Government securities and its management by the Reserve Bank of India and for matters connected therewith or incidental thereto, be taken into consideration. "

...(Interruptions)

SHRI K.S. RAO (ELURU): Sir, I am happy that this Bill has been brought in the present scenario of increased transactions in securities. ...(Interruptions) The Public Debt Act, 1944 has become irrelevant in today's increased transactions. ...(Interruptions) Several rigidities and deficiencies were there in the Public Debt Act, 1944. ...(Interruptions) That is why I have been asking the hon. Minister in the past to repeal all those laws which were pre-Independent and legislated years back which have become irrelevant to the present needs of the country. â€ (Interruptions) We must bring legislation which are relevant to the present needs where high level transactions have multiplied. ...(Interruptions) It requires an amendment immediately.

For example, in regard to the securities held by the parents, it had become extremely difficult for the successors to get the claims early. ...(*Interruptions*) Now, it has been made easy. ...(*Interruptions*) The Reserve Bank of India can decide a claim up to one lakh of rupees and increase the limit to one crore of rupees by the powers given to the RBI through this legislation. ...(*Interruptions*) Similarly, earlier individuals, who had securities, were empowered to give a nominee as his successor. But joint holders were not authorised to give a nominee. That has been provided now. ...(*Interruptions*) So, the number of litigation will come down substantially. The matter can be settled at the earliest. ...(*Interruptions*)

Similarly, if a security were to be held by the parents and if he forgets to inform his children, the children used to lose their right to claim after the lapse of six years, which is an injustice. ...(*Interruptions*) But today, through this legislation, they will get that claim even after the lapse of six years. ...(*Interruptions*) Today, that has been liberalised. ...(*Interruptions*) The banks have to transfer the money to the successor's account automatically. ...(*Interruptions*) Some of the salient features of this Bill are; the Reserve Bank of India can easily transfer the securities to his successor's or to others easily as desired by the security holder. ...(*Interruptions*) Suppose an individual or a company were to have a security today and they want to raise liquidity, they can hypothecate or pledge the security and raise the equity. ...(*Interruptions*[\[r12\]](#))

...(*Interruptions*)

MR. SPEAKER: I thoroughly express my displeasure. This is a shameful behaviour. It is a direct attack on parliamentary democracy. I am again, for the last time, appealing to the Members. I am also appealing to the entire House to see whether by this behaviour, the country's image and the Parliament's image is being maintained or not. Do we want destruction of parliamentary democracy in this country?

...(*Interruptions*)

MR. SPEAKER: I want all sections of the House and the country to decide whether such conduct should be permitted or not.

...(*Interruptions*)

SHRI K.S. RAO : Sir, earlier there was no provision of hypothecating the security and raising liquidity. Now, this Bill provides the same and an investor can increase his liquidity and invest the same for furthering his business.

(*Interruptions*)

Sir, with these few words, I conclude my speech.

MR. SPEAKER: The question is:

"That the Bill to consolidate and amend the law relating to Government securities and its management by the Reserve Bank of India and for matters connected therewith or incidental thereto, be taken into consideration. "

The motion was adopted.

MR. SPEAKER: Now the House will take up clause-by-clause consideration of the Bill.

The question is:

"That clauses 2 to 6 stand part of the Bill. "

The motion was adopted.

Clauses 2 to 6 were added to the Bill.

**Recognition of title to
the Government**

Clause 7

**Securities of a
deceased joint holder
or joint holders**

Amendment made:

"Page 3, line 47, -
for " a statute", *substitute* "any statute. " (3)

(Shri P. Chidambaram)

MR. SPEAKER: The question is:

"That clause 7, as amended, stand part of the Bill. "

The motion was adopted.

Clause 7, as amended, was added to the Bill.

Clauses 8 to 11 were added to the Bill.

...(Interruptions)

Clause 12

**Summary
determination by
the Bank of title to
Government
Security in case of
dispute**

Amendment made:

"Page 6, lines 23 to 25, -

for "Magistrate of the first class subordinate to him or any Magistrate of the second class subordinate to him and",

substitute "Executive Magistrate". (4)

(Shri P. Chidambaram)

MR. SPEAKER: The question is:

"That clause 12, as amended, stand part of the Bill. "

The motion was adopted.

Clause 12, as amended, was added to the Bill.

Clauses 13 and 14 were added to the Bill.

Clause 15

Power of

Bank to require bonds

Amendments made:

"Page 6, line 42,-
for "a bond", *substitute* "an indemnity bond". (5)

"Page 6, line 45,-
for "the bond", *substitute* "the indemnity bond" (6)

"Page 6, line 48,-
for "the bond", *substitute* "the indemnity bond" (7)

"Page 6, line 49,-
for "the bond", *substitute* "the indemnity bond". (8)

(Shri P. Chidambaram)

...(Interruptions)

MR. SPEAKER: The question is:

"That clause 15, as amended, stand part of the Bill. "

The motion was adopted.

Clause, 15, as amended, was added to the Biol.

Clauses 16 to 22 were added to the Bill.

Clause 23

**Period of
limitation of
Government's
liability in respect
of interest**

Amendment made:

"Page 7, for lines 41 to 44, *substitute*, -

"23. (1) Where no shorter period of limitation is fixed by any law for the time being in force, the liability of the Government in respect of any interest payment due on a Government security shall terminate on the expiry of six years from the date on which the amount due by way of interest became payable: (9)

Period of limitation
of Government's
liability in respect of
interest.

MR. SPEAKER: The question is:

"That clause 23, as amended, stand part of the Bill. "

The motion was adopted.

Clause 23, as amended, was added to the Bill[\[R13\]](#).

Clause 24 was added to the Bill.

Clause 25

**Micro films,
fascimile
copies of
documents,
magnetic
tapes and
computer
printouts as
documents
a n d as
evidence**

Amendment made:

Page 9, for lines 24 to 27, substitute,--

'(a) "computer" means any electronic, magnetic, optical or other high-speed data processing service device or system which performs logical, arithmetical, and memory functions by manipulation of electronic, magnetic or optical impulses and includes all input, output, processing, storage, computer software, or communication facilities which are connected or related to the computer in a computer system or computer network

(b) "computer print out" shall include ledgers, day-books, account books and other records, maintained in the ordinary course of business of the Bank or the agent, printed on paper from the information stored in the computer or derived from such information; and'. (10)

(Shri P. Chidambaram)

MR.SPEAKER: The question is:

"That clause 25, as amended, stand part of the Bill."

The motion was adopted.

Clause 25, as, amended, was added to the Bill.

Clause 1

Short title, application and commencement

Amendment made:

Page 1, line 3,--

for "2004", substitute "2006". (2)

(Shri P. Chidambaram)

MR. SPEAKER: The question is:

"That clause 1, as amended, stand part of the Bill."

The motion was adopted.

Clause 1, as amended, was added to the Bill.

Enacting Formula

Amendment made:

Page 1, line 1,--

for "Fifty-fifth", substitute "Fifty-seventh". (1)

(Shri P. Chidambaram)

MR. SPEAKER: The question is:

"That the Enacting Formula, as amended, stand part of the Bill."

The motion was adopted.

The Enacting Formula, as amended, was added to the Bill.

The Preamble was added to the Bill.

The Long Title was added to the Bill.

...(Interruptions)

SHRI P. CHIDAMBARAM: I beg to move:

"That the Bill, as amended, be passed."

MR. SPEAKER: The question is:

"That the Bill, as amended, be passed."

The motion was adopted.

...(Interruptions)

MR. SPEAKER: I would say that it is a very sad day.

...(Interruptions)

14.23 hrs.

DISCUSSION UNDER RULE 193