

JOINT SELECT COMMITTEE  
REPORTS OF LEGISLATIVE  
ASSEMBLY - 1923

**The Indian Stamp (Amendment) Bill**



## LEGISLATIVE DEPARTMENT.

.. E. the undersigned, Members of the Select Committee to which the Bill further to amend the Indian Stamp Act, 1899, was referred, have considered the Bill and the papers noted in the margin and have now the honour to submit this our Report, with the Bill as amended by us annexed thereto.

1. Paper No. I.
2. Paper No. II.
3. Paper No. III.

the Indian Stamp Act, 1899, was referred, have considered the Bill and the papers noted in the margin and have now the honour to submit this

2. Practically the only part of the Bill which calls for special consideration is the clause which provides for the enhancement of the stamp duty on promissory notes. We are impressed by the volume of opinion to the effect that such an enhancement might not only be unpopular, but might also involve hardship for certain illiterate sections of the population who deal largely in promissory notes and are accustomed to use them to a large extent as currency. These opinions are based on the fact that under proviso (a) to section 35 of the Indian Stamp Act, 1899, a promissory note which is not duly stamped cannot be received in evidence for any purpose or in any circumstances. Whilst, therefore, we are, by a majority of opinion that the enhancement of the stamp duty on promissory notes is justifiable, we are at the same time of opinion that the rigour of the above-quoted provision should be relaxed, at least temporarily. We do not recommend a permanent relaxation, because it appears that the exception which is made in the case of promissory notes to the rule that documents not duly stamped may be received in evidence on payment of a penalty is a provision of very long standing both in the English and the Indian law, and that to do away permanently with this provision would lead to evasion of payment of duty on a large scale. We have, therefore, amended the Bill so as to provide that promissory notes payable on demand which have been executed in British India during the year following the date on which the Bill may be expected to become law, and on which a duty of one anna only has been paid, shall be exempted from this disability. A similar concession appears to us logically necessary in regard to the provisions of sections 32, 40 and 41. We have for similar reasons provided that no penalty shall be incurred under section 62 of the Act for the execution of such a promissory note as is described above.

3. At present share certificates, etc., letters of allotment of shares, letters of credit and proxies (that is to say, the documents respectively referred to in Articles Nos. 19, 36, 37 and 52 of Schedule I to the Indian Stamp Act, 1899) being chargeable with a duty of one anna, are not entitled to the benefit of the provisions of sections 32, 40 and 41, nor can they be produced in evidence, even on payment of a penalty, under section 35. In order, therefore, to leave the law as it stands with regard to these documents, amendments of these sections would be necessary; but, in view of the fact that the documents are now chargeable with a higher rate of duty, we think it proper that the provisions of the above-quoted sections should automatically become applicable to them. It is to be observed that the penalty for not stamping or for under-stamping these documents still remains.

4. We have altered the order in which Articles 47 and 49 were dealt with in the Bill as introduced.

5. The Bill was published as follows :—

### *In English.*

<i>Gazette.</i>	<i>Date.</i>
Gazette of India ... ..	... 17th February 1923.
Fort Saint George Gazette ... ..	... 6th March 1923.
Calcutta Gazette ... ..	... 21st March 1923.
United Provinces Gazette ... ..	... 3rd March 1923.
Punjab Government Gazette ... ..	... 13th April 1923.
Eurma Gazette ... ..	... 14th April 1923.
Central Provinces Gazette ... ..	... 3rd March 1923.
Assam Gazette ... ..	... 29th March 1923.
Bihar and Orissa Gazette ... ..	... 4th April 1923.
Coorg District Gazette ... ..	... 1st March 1923.

*In the Vernaculars.*

<i>Province.</i>	<i>Language.</i>	<i>Date.</i>
Madras ...	Tamil	} 17th April 1923.
...	Telugu	
...	Hindustani	
...	Kanarese	
...	Malayalam	
Punjab ...	Urdu	20th April 1923.
Burma ...	Burmese	21st April 1923.
Central Provinces ...	Marathi	} 28th April 1923.
...	Hindi	
Coorg ...	Kanarese	1st May 1923.

6. We think that the Bill has not been so altered as to require re-publication, and we recommend that it be passed as now amended.

BASIL P. BLACKETT.

C. A. INNES.

HENRY J. STANYON, Col.

BABA UJAGAR SINGH BEDI.

\* P. S. SIVASWAMY AIYER.

\* C. S. SUBRAHMANYAM.

*The 10th July 1923.*

*Minute of Dissent.*

I am unable to agree with the majority as to the expediency of enhancing the duty on Promissory Notes payable on demand. Objection to this proposal has been very widespread, if not, universal. All those who are in touch with business conditions in rural areas and among the smaller trading classes are opposed to this provision. Indian business circles have strongly protested against it. Even of those who do not object to the increase of duty the majority or, at any rate, a very large number, are in favour of amending the provisions of Section 35 of the Act for the purpose of curing defectively stamped promissory notes.

The objections to the enhancement of the duty on Promissory Notes payable on demand are :—

1. That it will take a very long time before the alteration in the law comes to the knowledge of the agricultural and other classes among whom this kind of instrument is extensively in use and that in the meanwhile great inconvenience, loss and hardship will be caused to the people using such instruments.
2. That in view of the extent to which demand Promissory Notes are used for the purpose of financing trade in parts where other financial facilities are not available, the economic functions now performed by Promissory Notes will be seriously impaired.
3. That the removal of Promissory Notes from the class of instruments chargeable with the duty of one anna will disentitle them to the privilege of the use of adhesive stamps under Section 11, of the Stamp Act.
4. That owing to the difficulty of securing non-adhesive stamps and to the enhancement of the duty even those who are aware of the change in the law, may, largely resort to evasion, which may seriously affect the anticipated increase of revenue and is not likely to be checked even by more frequent recourse to criminal prosecution.
5. That the invalidity attached to instruments so extensively in use and the increased frequency of prosecutions must give rise to widespread dissatisfaction among the people.

The temporary relaxation of the rigour of Section 35 of the Stamp Act as proposed by the majority will not meet the requirements of the case.

In my opinion the enhancement of the duty on Promissory Notes is, in the circumstances of this country quite as objectionable as, if not more so than, the enhancement of the duty on Cheques.

P. S. SIVASWAMY AIYER.

I agree.

C. S. SUBRAHMANYAM.

The 10th July 1923.

[As amended by the Select Committee.]  
[Words printed in italics indicate the amend-  
ments suggested by the Committee.]

A  
BILL

*Further to amend the Indian Stamp Act, 1899.*

WHEREAS it is expedient further to amend the Indian Stamp Act, 1899; It is hereby enacted II of 1899. as follows:—

1. This Act may be called the Indian Stamp (Amendment) Act, 1923.

Short title.

2. In Chapter VIII, and before section 73, *Insertion of new section 72A in Act II of 1899.* of the Indian Stamp Act, 1899, (hereinafter referred to as the said Act), the following section shall be inserted, namely:—

*Special provisions regarding promissory notes payable on demand executed within a year after the commencement of the Indian Stamp (Amendment) Act, 1923.* "72A. Where any promissory note payable on demand is executed in British India after the thirty-first day of July, 1923, and before the first day of August, 1924, and is stamped with a stamp of the value, or with stamps of a total value, of one anna only, but is otherwise duly stamped,—

- (i) the provisions of section 32, of proviso (a) to section 35 and of sections 40 and 41 shall be applicable in respect of such promissory note, notwithstanding anything to the contrary contained in any of the said sections; and
- (ii) no person shall be liable to any penalty under section 62 in respect of such promissory note by reason only of the fact that it bears a stamp of the value, or stamps of a total value, of one anna only."

3. In Schedule I to the said Act,—

Amendment of Schedule I, Act II of 1899.

(i) In each of the following Articles, namely, No. 19, No. 36, No. 37 and No. 52, in the second column, for the words "One anna" the words "Two annas" shall be substituted;

(ii) In Article No. 47—

(a) in Division B, in the first column, for the words "Fire-Insurance" the words "Fire-Insurance and other classes of Insurance, not elsewhere included in this Article, covering goods, merchandise, personal effects, crops, and other property against loss or damage;" and

(b) in Division E, in the first column, for the words "of sea-insurance or a policy of fire-insurance" the words "of the nature specified in Division A or Division B of this article"

shall be substituted;

(iii) For Article No. 49 the following shall be substituted, namely:—

"Promissory note [as defined by section 2 (22)]—

(a) when payable on demand—

(i) when the amount or value is less than Rs. 250;

Two annas.

(ii) in any other case—

Four annas.

(b) when payable otherwise than on demand.

The same duty as a Bill of Exchange (No. 13) for the same amount payable otherwise than on demand.

GOVERNMENT OF INDIA.  
LEGISLATIVE DEPARTMENT.

Report of Select Committee on the Bill  
further to amend the Indian Stamp Act,  
1899 with Bill as amended.

