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**STANDING COMMITTEE ON  
FINANCE  
(1995-96)**

**TENTH LOK SABHA**

**THE SALARY, ALLOWANCES AND PENSION  
OF MEMBERS OF PARLIAMENT  
(SECOND AMENDMENT)  
BILL, 1995**

**NINETEENTH REPORT**



सत्यमेव जयते

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**LOK SABHA SECRETARIAT  
NEW DELHI**

*December, 1995/Agrahayana, 1917 (Saka)*

**NINETEENTH REPORT**  
**STANDING COMMITTEE ON FINANCE**  
**(1995-96)**

**TENTH LOK SABHA**

**MINISTRY OF PARLIAMENTARY AFFAIRS**

**THE SALARY, ALLOWANCES AND PENSION OF  
MEMBERS OF PARLIAMENT (SECOND  
AMENDMENT) BILL, 1995**



सत्यमेव जयते

*Presented to Lok Sabha on 22-12-1995*  
*Laid in Rajya Sabha on 22.12.1995*

**LOK SABHA SECRETARIAT**  
**NEW DELHI**

*December, 1995/Agrahayana, 1917 (Saka)*

**F.C. No. 019**

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COMPOSITION OF THE STANDING COMMITTEE  
ON FINANCE (1995-96)

@ Smt. Maragatham Chandrasekhar—*Chairperson*

MEMBERS

*Lok Sabha*

- \*2. Shri Magunta Subbaramma Reddy
3. Prof. K.V. Thomas
4. Dr. K.V. R. Chowdary
5. Shri Chhitubhai Gamit
6. Shri Prithviraj D. Chavan
7. Shri S. B. Sidal
8. Shri P.C. Chacko
9. Shri Prakash V. Patil
10. Shri Mahendra Kumar Singh Thakur
11. Shri B. Akber Pasha
12. Shri Satyapal Singh Yadav
13. Shri Sushil Chandra Varma
14. Shri Jeewan Sharma
15. Shri Chetan P.S. Chauhan
16. Shri Dileepbhai Sanghani
17. Shri Manabendra Shah
18. Shri Sartaj Singh Chhatwal
19. Shri Harin Pathak
20. Shri Nirmal Kanti Chatterjee
21. Prof. Susanta Chakraborty
22. Shri T.J. Anjalose
23. Shri Srikanta Jena
24. Shri Bhogendra Jha
25. Shri George Fernandes
26. Shri Abdul Ghafoor
27. Shri Kadambur M.R. Janardhanan

*Rajya Sabha*

28. Shri Satish Agarwal
29. Shri Krishna Kumar Birla

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@ Appointed w.e.f. 22.9.1995 *vice* Dr. Debi Prosad Pal ceased to be a Member and Chairman of the Committee consequent upon his appointment as Minister on 13.9.1995.

\* Expired on 1.12.1995.

30. Shri Triloki Nath Chaturvedi
31. Shri Sanjay Dalmia
32. Dr. Biplab Dasgupta
33. Shri Gurudas Das Gupta
34. Shri K.R. Jayadevappa
35. Dr. Shrikant Ramchandra Jichkar
36. Shri Chimanbhai Mehta
37. Shri Rajubhai A. Parmar
38. Shri Narendra Pradhan
39. Shri T. Venkatram Reddy
40. Shri Surinder Kumar Singla
41. Shri Mohan Babu
42. Shri V.P. Duraisamy

**SECRETARIAT**

1. Shri S.N. Mishra — *Additional Secretary*
2. Smt. Roli Srivastava — *Joint Secretary*
3. Shri K.L. Narang — *Deputy Secretary*
4. Shri C.S. Joon — *Under Secretary*

## INTRODUCTION

1. The Chairperson of the Standing Committee on Finance having been authorised by the Committee to submit the Report on their behalf, present this Nineteenth Report on the Salary, Allowances and Pension of Members of Parliament (Second Amendment) Bill, 1995.

2. The Bill was introduced in Lok Sabha on 25 August, 1995. On 26 August, 1995, the Bill was included in the List of Business for consideration and passing but it could not be taken up as there was a proposal for reference of the Bill to the Departmentally related Standing Committee for examination and report.

3. The Bill which related to the Ministry of Parliamentary Affairs was not covered under any of the 17 Departmentally related Standing Committees. Since the Bill involved financial implications as well as extra expenditure from the Consolidated Fund of India, the Speaker referred the Bill to the Standing Committee on Finance for examination and report on 5 September, 1995 under Rule 331 read with Rule 389 of the Rules of Procedure and Conduct of Business in Lok Sabha.

4. The Committee held preliminary discussion on the provisions of the amendments proposed in the Bill in the light of Statement of Objects and Reasons and the Background Note received from the Ministry of Parliamentary Affairs on 7 December, 1995 and considered the Bill clause-by-clause on 13 December, 1995.

5. The Committee considered and adopted the Report at their sitting held on 18 December, 1995.

NEW DELHI;  
*18 December, 1995*

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*27 Agrahayana, 1917 (Saka)*

SMT. MARAGATHAM CHANDRASEKHAR,  
*Chairperson,*  
*Standing Committee on Finance.*

## REPORT

The Joint Parliamentary Committee to suggest facilities and remuneration for Members of Parliament and the Joint Committee on Salaries and Allowances of Members of Parliament had made a number of recommendations for increasing the allowances and facilities of Members of Parliament. Some of the recommendations were accepted by the Government. Accordingly, the Government brought forward the Salary, Allowances and Pension of Members of Parliament (Second Amendment) Bill, 1995, to amend the Salary, Allowances and Pension of Members of Parliament Act, 1954 with a view to extending additional facilities and benefits such as secretarial allowance, free postage stamps, proportionate pensionary benefits to ex-Members who have served as Members between two to four years, increase in the amount of pension to a spouse/dependents of a Member of Parliament who passes away during his term of office and provision of condonation for his not signing the register for the purpose of daily allowance, etc.

2. The Committee, however, feel that the aforesaid Bill should not have been presented at the fag end of the term of Lok Sabha since it would create adverse impression in the minds of public.

Further, instead of giving monetary benefit in lieu of facilities, the facility itself should be provided to the extent possible; to be more particular, instead of secretarial allowance, a Secretary should be provided to each Member.

3. The observations of the Committee in regard to changes recommended in the Bill are detailed in succeeding paragraphs.

### *Clause 2*

4. In clause 2 of the Bill which seeks minor modification in Section 3 of the Salary, Allowances and Pension of Members of Parliament Act, 1954 relating to entitlement of Daily Allowance on signing the register maintained for this purpose by the Secretariat, proposed further proviso states as follows:

"Provided further that a member, who has not signed the register, shall be entitled to the aforesaid allowance if he has participated in the proceedings of the House and his not signing the register is condoned by the Chairman of the Council of States or the Speaker of the house of the People, as the case may be".

5. The Committee feel that since the Member present in the House has participated in the proceedings of the House, there is no need of condoning his not signing the register by the Presiding Officer for the purpose of daily allowance if he/she sends a



proper communication to the Secretariat intimating the fact of such participation. The Committee recommend the following modification in the aforesaid proviso :

*For* "his not signing the register is condoned by the Chairman of the Council of States or Speaker of the House of the People, as the case may be".

*Substitute* "communicates to that effect to the Secretariat."

6. The Committee also recommend deletion of words "if the Presiding Officer condones his not signing the register" in item (iv) under the Statement of Objects and Reasons.

*Clause 3*

7. Clause 3 of the Bill which provides for substitution of a new section for section 8 of the principal Act, introduces additional facility of secretarial allowance in place of the existing office expenses allowance and postage stamps to the Members of Parliament. The Committee while approving this clause feel that the amount of 'secretarial allowance' and free postage stamp to each Member of Parliament should not have been mentioned at items (i) and (ii) of the Statement of Objects and Reasons to the Bill. Instead it should have been specified in the prescribed rules under Section 9 of the Act.

*Clause 4*

8. The Committee agree to the provisions contained in Clause 4 of the Bill dealing with amendment to Section 8A of the Act, proposing (i) proportionate pension to all former Members of Parliament who have served as Members of Parliament for at least two years or more but less than four years, (ii) increase in the amount of family pension from Rs. 500 to Rs. 1000/- per month and (iii) deletion of provisions relating to the Metropolitan Council of Delhi.

9. The Committee, however, feel that proposed proportionate pension to ex-MPs should be properly compensated for rise in prices and consequential increase in the cost of living and for that indexing of pension with rate of inflation may be done.

10. The Committee recommend that suitable amendments be made in the Bill to incorporate the recommendations of the Committee.

NEW DELHI;  
18 December, 1995  

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27 Agrahayana, 1917 (Saka)

SMT. MARAGATHAM CHANDRASEKHAR,  
Chairperson,  
Standing Committee on Finance.

MINUTES OF THE FIFTEENTH SITTING OF THE STANDING  
COMMITTEE ON FINANCE (1995-96)

The Committee sat on Thursday, the 7th December, 1995 from 1000 hrs. to 1055 hrs.

Smt. Maragatham Chandrasekhar — *Chairperson*

MEMBERS

*Lok Sabha*

2. Prof. K.V. Thomas
3. Dr. K.V.R. Chowdary
4. Shri P.C. Chacko
5. Shri Mahendra Kumar Singh Thakur
6. Shri B. Akber Pasha
7. Shri Chetan P.S. Chauhan
8. Shri Nirmal Kanti Chatterjee
9. Shri Kadambur M.R. Janardhanan

*Rajya Sabha*

10. Shri Satish Agarwal
11. Shri K.R. Jayadevappa
12. Dr. Shrikant Ramchandra Jichkar
13. Shri T. Venkatram Reddy
14. Shri Surinder Kumar Singla
15. Shri V.P. Duraisamy

*Secretariat*

- |                         |   |                             |
|-------------------------|---|-----------------------------|
| 1. Shri S.N. Mishra     | — | <i>Additional Secretary</i> |
| 2. Smt. Roli Srivastava | — | <i>Joint Secretary</i>      |
| 3. Shri K.L. Narang     | — | <i>Deputy Secretary</i>     |

\* \* \*

3. The Committee, thereafter, took up for consideration provisions of the amendment proposed in the Salary, Allowances and Pension of Members of Parliament (Second Amendment) Bill, 1995. The following points emerged during discussion:

- (i) The said Bill should not have been presented at the fag end of the term of Lok Sabha since it would create adverse impression in the minds of public;
- (ii) Some Members stressed that instead of giving monetary benefit in lieu of facilities, the facility itself should be provided to the extent possible; to be more particular, instead of Secretarial allowance, a Secretary should be provided to each Member;

- (iii) The Members present during the course of discussion took exception to the amount of cash allowance being specified in the Statement of Objects and Reasons. It was suggested that this should be left to be specified in the Rules made under the Act.
- (iv) While referring to the proposed increase of quantum of pension to be paid to the spouse of the Member, some Members desired that such pension should be paid for the entire life time of spouse instead of only five years. It was, however, explained by the Chairperson that the scope of the proposed amendment was only with regard to the adequacy/inadequacy of the quantum of the pension. The provisions of the particular section were not open to examination;
- (v) Some Members were not in favour of any change in the amendment of Section 3 of the Salary, Allowances and Pensions of Members of Parliament (Second Amendment) Bill, 1995 inserting proposed proviso regarding of attendance register for claiming daily allowance; and
- (vi) Some Members also wanted to take up for examination the other provisions of the Salary, Allowances and Pension of Members of Parliament Act, 1954 which had been proposed for amendment in the said Bill. The Chairperson explained that according to prevailing Rules, the scope of the examination will be limited only to the proposals contained in the Bill.

4. The discussion was not concluded. The Committee decided to take up further consideration of the Bill at their next sitting to be held on 13 December, 1995 after oral evidence of the representatives of the Ministry of Finance (Deptt. of Economic Affairs— Banking Division) on SBI (Subsidiary Banks) Amendment Bill, 1995.

*The Committee then adjourned.*

MINUTES OF THE SIXTEENTH SITTING OF THE STANDING  
COMMITTEE OF FINANCE (1995-96)

The Committee sat on Wednesday, 13 December, 1995 from 15.00 hrs. to 18.00 hrs.

Smt. Maragatham Chandrasekhar — *Chairperson*

MEMBERS

*Lok Sabha*

2. Dr. K.V.R. Chowdary
3. Shri Prithviraj D. Chavan
4. Shri P.C. Chacko
5. Shri Satyapal Singh Yadav
6. Shri Sushil Chandra Varma
7. Shri Jeewan Sharma
8. Shri Chetan P.S. Chauhan
9. Shri Dileepbhai Sanghani
10. Shri Nirmal Kanti Chatterjee
11. Shri Bhogendra Jha

*Rajya Sabha*

12. Shri Satish Agarwal
13. Shri Triloki Nath Chaturvedi
14. Shri Sanjay Dalmia
15. Shri K.R. Jayadevappa
16. Dr. Shrikant Ramchandra Jichkar
17. Shri. T. Venkatram Reddy
18. Shri Surinder Kumar Singla
19. Shri V.P. Duraisamy

SECRETARIAT

1. Shri S.N. Mishra — *Additional Secretary*
2. Smt. Roli Srivastava — *Joint Secretary*
3. Shri K.L. Narang — *Deputy Secretary*

\*

\*

*Shri Prithviraj D. Chavan — In the Chair*

5. The Committee thereafter took up clause-by-clause consideration of amendments proposed in the Salary, Allowances and Pension of Members of Parliament (Second

Amendment) Bill, 1995. After deliberations, the Committee approved changes/modifications in the amendments as follows:—

*Clause 1*

- (i) Short title of the Bill approved.

*Clause 2*

- (ii) Clause 2 of the Bill which seeks minor modification in Section 3 of the Salary, Allowances and Pension of Members of Parliament Act, 1954, further proviso stated as follows:—

"Provided further that a member, who has not signed the register, shall also be entitled to the aforesaid allowance if he has participated in the proceedings of the House and his not signing the register is condoned by the Chairman of the Council of States or the Speaker of the House of the People, as the case may be."

- (iii) The Committee felt that since the Members present in the House had participated in the proceedings of the House there was no need of condoning his not signing the register by the Presiding Officer for the purpose of daily allowance if he/she sent a proper communication to the Secretariat intimating the fact of such participation.. The Committee recommended the following modification in the aforesaid proviso:—

*For* "his not signing the register is condoned by the Chairman of the Council of State or Speaker of the House of the People, as the case may be"

*Substitute* "communicates to that effect to the Secretariat"

- (iv) The Committee also recommended deletion of words "if the Presiding Officer condones his not signing the register" in item (iv) under the Statement of Objects and Reasons.

*Clause 3*

- (v) Clause 3 of the Bill which provides for substitution of a new section for section 8 of the principal Act, introduces additional facility of secretarial allowance in place of the existing office expense allowance and postage stamps. The Committee while approving these clause felt that the amount of 'Secretarial Allowance' and 'free postage stamp' to each Member of Parliament should not have been mentioned as presently indicated at items (i) and (ii) of the Statement of Objects and Reasons. Instead it should have been prescribed in the rules under section 9 of the Act.

*Clause 4*

- (vi) The Committee agreed to the provisions contained in clause 4 of the Bill dealing with amendment to the Section 8A of the Act, proposing (i) proportionate pension to all former Members of Parliament who have served as Member of Parliament for at least two years or more but less than four years; (ii) increase in the amount of family pension from Rs. 500 to Rs. 1000 per month and (iii) deletion of provisions relating to the Metropolitan Council of Delhi.

- (vii) The Committee, however felt that proposed proportionate pension to ex-M.Ps should be properly compensated for rise in prices and consequential increase in the cost of living and for that indexing of pension with rate of inflation might also be done.

6. The Committee then decided to hold their sitting on the 15 December, 1995 to consider the draft Report on the Bill.

*The Committee then adjourned.*

MINUTES OF THE SEVENTEENTH SITTING OF THE STANDING  
COMMITTEE ON FINANCE (1995-96)

The Committee sat on Monday, 18 December, 1995 from 1030 hrs. to 1055 hrs.

Shri Nirmal Kanti Chatterjee — *In the Chair*

MEMBERS

*Lok Sabha*

2. Shri S. B. Sidnal
3. Shri Satyapal Singh Yadav
4. Shri Chetan P.S. Chauhan
5. Shri Dileepbhai Sanghani
6. Shri Sartaj Singh Chhatwal
7. Shri Harin Pathak
8. Prof. Susanta Chakraborty

*Rajya Sabha*

9. Shri Satish Agarwal
10. Shri Triloki Nath Chaturvedi
11. Shri K.R. Jayadevappa
12. Shri Rajubhai A. Parmar
13. Shri T. Venkatram Reddy
14. Shri Srinder Kumar Singla
15. Shri Mohan Babu

SECRETARIAT

1. Smt. Roli Srivastava — *Joint Secretary*
2. Sh. K.L. Narang — *Deputy Secretary*

2. In the absence of the Chairperson, the Committee chose Shri Nirmal Kanti Chatterjee under rule 258(3) of the Rules of the Procedure and Conduct of Business in Lok Sabha to act as Chairman for that sitting of the Committee.

3. The Committee then considered their draft Report on 'The Salary, Allowances and Pension of Members of Parliament (Second Amendment) Bill, 1995' and adopted it.

The Committee authorised the Chairman to finalise and present the Report to both the Houses of Parliament.

*The Committee then adjourned.*

**Bill No. 66 of 1995**

THE SALARY, ALLOWANCES AND PENSION  
OF MEMBERS OF PARLIAMENT (SECOND  
AMENDMENT) BILL, 1995

A

BILL

*further to amend the Salary, Allowances and Pension  
of Members of Parliament  
Act, 1954.*

BE it enacted by Parliament in the Forty-sixth Year  
of the Republic of India as follows:—

1. This Act may be called the Salary, Allowances and  
Pension of Members of Parliament (Second Amendment)  
Act, 1995.

Short title.

30 of 1954.

2. In section 3 of the Salary, Allowances and Pension  
of Members of Parliament Act, 1954 (hereinafter  
referred to as the principal Act), after the proviso, the  
following proviso shall be inserted, namely:—

Amendment  
of section 3.

**"Provided further that a member, who has not  
signed the register, shall also be entitled to the  
aforesaid allowances if he has participated in the  
proceedings of the House and his not signing the  
register is condoned by the Chairman of the Council  
of States or the Speaker of the House of the People,  
as the case may be."**

3. For section 8 of the principal Act, the following  
section shall be substituted, namely:—

Substitution of  
new section  
for section 8.

**"8. A member shall be entitled to such constituency  
allowance, secretarial allowance and to such medical  
facilities for himself and for members of his family  
and to such housing, telephone, postage stamp, water,  
electricity facilities or such amount in cash in lieu of  
all or any of such facilities, as may be prescribed by  
rules under section 9."**

Constituency  
allowances  
and amenities.



Amendment  
of section 8A.

4. In section 8A of the principal Act,—

(i) sub-section (IA) shall be renumbered as sub-section (IAB) and before sub-section (IAB) as so renumbered, the following sub-section shall be inserted, namely:—

**"(IA) With effect from the commencement of the Salary, Allowances and Pension of Members of Parliament (Second Amendment) Act, 1995, there shall be paid a pension at the rate of rupees three hundred and fifty per mensem for each completed year to every person who has served at least for two years or more but less than four years,—**

(i) as a member of the Council of States; or

(ii) as a member of the House of the People; or

(iii) partly as a member of the Council of States and partly as a member of the House of the People.

***Explanation.*—For the purposes of this sub-section, where any person, who has served as aforesaid for a period exceeding six months shall be deemed to have served for one complete year."**

(ii) in sub-section (IAB) as so renumbered, for the words, brackets and figures "With effect from the commencement of the Salary, Allowances and Pension of Members of Parliament (Amendment) Act, 1988, there shall be paid a pension of five hundred rupees", the following shall be substituted, namely:—

60 of 1988.

**"With effect from the commencement of the Salary, Allowances and Pension of Members of Parliament (Second Amendment) Act, 1995, there shall be paid a pension of one thousand rupees";**

(iii) in sub-section (2), in clause (ii), the words and figures "or the Metropolitan Council of Delhi constituted under section 3 of the Delhi Administration Act, 1966" shall be omitted.

19 of 1966.

## STATEMENT OF OBJECTS AND REASONS

The Joint Parliamentary Committee to suggest facilities and remuneration for Members of Parliament and the Joint Committee on Salaries and Allowances of Members of Parliament have made a number of recommendations for increasing the allowances and facilities of Members of Parliament. Some of the recommendations have been accepted by the Government. It is accordingly proposed to amend the Salary, Allowances and Pension of Members of Parliament Act, 1954 to provide for—

(i) secretarial allowance of Rs. 2,500 per month in lieu of the existing office expense allowance of Rs. 1,000 per month;

(ii) free postage stamps of Rs. 6,000 per annum to each Member of Parliament;

(iii) (a) proportionate pension to ex-Members of Parliament who have served as Members between two and four years at the rate of Rs. 350 per month for each completed year which will comprise of the period more than six months;

(b) increase in the amount of pension from Rs. 500 per month to Rs. 1,000 per month for a period of five years to a spouse or dependent of a Member of Parliament who dies during his term of office;

(iv) to enable a Member of Parliament to claim daily allowance if he has participated in the proceedings of the House but has not signed the register, if the Presiding Officer condones his not signing the register.

2. The Bill seeks to achieve the above objects.

NEW DELHI;

VIDYACHARAN SHUKLA.

*The 21st August, 1995.*

**FINANCIAL MEMORANDUM**

Clauses 2, 3 and 4 of the Bill seek to amend various provisions of the Act to provide for—

(i) secretarial allowance of Rs. 2,500 per month in lieu of the existing office expense allowance of Rs. 1,000 per month;

(ii) free postage stamps of Rs. 6,000 per annum to each Member of Parliament;

(iii) (a) proportionate pension to the former Members of Parliament who have served as Members between two and four years at the rate of Rs. 350 per month for each completed year which will comprise of the period more than six months;

(b) increase in the amount of pension from Rs. 500 to Rs. 1,000 per month for a period of five years to a spouse or dependent of a Member of Parliament who dies during his term of office;

(iv) to enable a Member of Parliament to claim daily allowance if he has participated in the proceedings of the House but has not signed the register.

2. The above provisions would involve a recurring expenditure from the Consolidated Fund of India to the extend of Rs. 2.18 crores per annum approximately.

3. The Provisions of the Bill do not involve any other expenditure of a recurring or non-recurring nature.