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Title: Consideration of the Hire-Purchase (Repeal) Bill, 2005. (Bill Passed)

15.11 hrs.

HIRE-PURCHASE (REPEAL) BILL, 2005

MR. DEPUTY-SPEAKER: Now, the House will take up item No. 31. Shri H.R. Bhardwaj may please move the Bill.

THE MINISTER OF LAW & JUSTICE (SHRI H.R. BHARDWAJ): Sir, I beg to move:

"That the Bill to repeal the Hire-Purchase Act, 1972, as passed by Rajya Sabha, be taken into consideration. "

The Hire-Purchase Act, 1972 seeks to define and regulate the rights and duties of parties to hire-purchase agreements and provide for matters connected therewith or incidental thereto. It was intended to bring the Act into force with effect from 1st June, 1973. However, several representations were received from the public against the bringing the Act into force and it was decided not to enforce the Act. While the provisions of the Act were being examined for making suitable amendments so that there may not be any objection for enforcing the law, the Banking Law Committee, in its Report on Personal Property Security Law, 1977 proposed certain far-reaching amendments to the Act. The Reserve Bank of India had also suggested that pending examination of the entire Report of the said Committee, the Hire-Purchase Act should not be enforced.

Consequently the Hire-Purchase Act, 1972 had been re-examined in consultation with the several organisations, and a Bill, namely, the Hire-Purchase (Amendment) Bill, 1989 was introduced in the Rajya Sabha on 5th May, 1989. The said Bill was referred to the Departmentally Related Parliamentary Standing Committee on Home Affairs for examination and report. The said Committee recommended for in-depth examination of the 1972 Act by the Law Commission of India. The Law Commission of India recommended, *inter alia*, that the statutory hire-purchase charges shall be an amount calculated at the rate of 18 per cent per annum, or if a lower rate is specified by the Central Government, at such lower rate calculated in accordance with a mathematical formula to be incorporated in the Act.

The question, whether the Hire-Purchase Act, 1972 should be brought into force with amendments as proposed by the Law Commission was again examined in consultation with other Ministries and Departments of the Government of India and it was felt that the need of the Hire-Purchase Act, 1972 has lost much of its relevance now and exploitation of borrowers by charging exorbitant interest can be adequately dealt with under other laws. Such legislation is not needed in the present economic scenario when credit is freely available in the market. The Bill has been passed by Rajya Sabha without discussion on 20th April, 2005.

Sir, with these words, I commend the Bill for the consideration of the House.

MR. DEPUTY-SPEAKER: Motion moved:

"That the Bill to repeal the Hire-Purchase Act, 1972, as passed by Rajya Sabha, be taken into consideration."

SHRI K.S. RAO (ELURU): Sir, I express my gratitude to the Law Minister for repealing this law. I made a request earlier to the Law Minister, to the Finance Minister and to several other Ministers to repeal several laws which have lost their relevance today^[r42]. They have been there since the last fifty or sixty years. They go on remaining on the statute book. The point is that somebody will misuse such a law all the time. So, my humble request to the hon. Minister is that he should go through all those laws which have become irrelevant to the present needs of the society and the nation. He should repeal all of them without giving any chance to any cheat or anybody to misuse it. I would like to congratulate the hon. Minister for bringing forward this Bill.

Actually, the hire purchase system is a way out particularly to those who have no access to the financial institutions, who have no financial background, who cannot get a loan from the financial institutions. For example, a poor man, a professional wants to purchase a truck to run it. No bank will give a loan because he does not have any financial background. So, a moneyed man will purchase it in his name and give it on hire purchase to the poor man. That man would charge so much fees from the person who is taking on hire purchase that he will never come out of that debt burden. Ultimately, he will have to sell the truck in-between and become bankrupt. He will lose even the little money which he has saved. So, time and again, on several occasions, the Reserve Bank, the Banking Law Committee and several organisations have requested that the Hire Purchase Act should not be enforced. Later, when the Standing Committee has referred it to the Law Commission, they quoted an interest of 18 per cent. As the hon. Minister has said the days when 18 per cent interest was charged were gone. Nowadays, money is available to a professional from the institutions even at six per cent, eight per cent interest. So, this law became highly irrelevant. To avoid some people misusing this Act, this has to be repealed immediately. Hence, the hon. Minister has brought forward this Bill. I heartily congratulate him for that.

Once again, I repeat my request. There are several such Acts in the country. I would request the hon. Minister to go through them also and get them repealed. He should not give an opportunity to anybody to misuse the laws. I would like to congratulate the hon. Minister for bringing forward this Bill.

SHRI S.K. KHARVENTHAN (PALANI): At the outset, I would like to congratulate our hon. Law Minister for bringing forward the Bill to repeal the Hire Purchase Act, 1972 (Act 26 of 1972). Based on the report of the Law Commission of India and the recommendations of the Law Commission contained in its Report, the Hire Purchase Bill was introduced nearly 33 years ago. This Act was enacted in the year 1972 but it was not at all enforced.

In this country, particularly in the rural areas, so many poor people are struggling hard to get any vehicle or a car or a two-wheeler by getting money from the banks on loan basis. Only some particular community people, particular sects of people are able to get loans from the banks and get the vehicle on hire purchase. Such people are getting money from the private financiers and getting things on hire purchase basis but they are paying a huge interest and ultimately they are suffering. This act will pave the way to solve the problems of the people in the rural areas.

We are saying what happened to the Hire Purchase Act. It is not implemented. It is like Section 30 of the Advocates Act. Our hon. Minister has come forward with this repeal Bill. It will be helpful to the society. Therefore, I heartily welcome this Bill. I would like to congratulate and appreciate the hon. Minister for doing this job.

MR. DEPUTY-SPEAKER: I would now request the hon. Minister Shri H.R. Bhardwaj to reply to the debate.

SHRI H.R. BHARDWAJ: Sir, at the outset, I would like to say that there are two points. The hon. Member Shri K.S. Rao has suggested that the Government should look into the old and antiquated laws. Time and again, we are doing scavenging operations and we bring forward the Bill to repeal the Acts from time to time. We have done a major exercise. After the P.C. Jain Committee's report, most of the laws, which have lost their relevance, have already been repealed. But we are looking again to find out whether some laws are not needed at all on the statute book or not. We will definitely look into it.

With regard to other matters, I submit that now there is an economic boom. Money is readily available. As a matter of fact, the companies are coming forward one after the other to offer credit to any person for getting a vehicle or anything. So, those days were gone. These laws are no more relevant. Therefore, I would request the House to pass it.

MR. DEPUTY-SPEAKER: The question is:

"That the Bill to repeal the Hire-Purchase Act, 1972, as passed by Rajya Sabha, be taken into consideration."

The motion was adopted [R43].

MR. DEPUTY-SPEAKER: The House will now take up clause-by-clause consideration of the Bill.

The question is:

"That clause 2 stand part of the Bill."

The motion was adopted.

Clause 2 was added to the Bill.

Clause 1, the Enacting Formula and the Long Title were added to the Bill.

MR. DEPUTY-SPEAKER: The Minister may now move that the Bill be passed.

SHRI H.R. BHARDWAJ: Sir, I beg to move:

"That the Bill be passed."

MR. DEPUTY-SPEAKER: The question is:

"That the Bill be passed."

The motion was adopted.
