PUNJAB VIDHAN SABHA

BILL NO.27-PLA-2025

THE INDIAN STAMP (PUNJAB SECOND AMENDMENT) BILL, 2025

A

BILL

further to amend the Indian Stamp Act, 1899, in its application to the State of Punjab.

BE it enacted by the Legislature of the State of Punjab in the Seventy-sixth Year of the Republic of India as follows:-

Short title and commencement

1. (1) This Act may be called the Indian Stamp (Punjab Second Amendment) Act, 2025.

(2) It shall come into force on and with effect from the date of its publication in the Official Gazette.

Amendment of Schedule 1-A of Central Act 2 of 1899.

2. In the Indian Stamp Act, 1899, in its application to the State of Punjab, in Schedule 1-A, in entry 6,-

(i) under the column, captioned as "Proper Stamp-duty", for the existing Stamp-duty, the following shall be substituted, namely:-

> "0.25 per cent of the loan amount credited or an existing or future debts, subject to a maximum of five lakh rupees."; and

(ii) in the existing proviso, at the end, for the words and sign "additional amount." the words and sign "additional amount:" shall be substituted and thereafter, the following proviso shall be added, namely:-

"Provided further that where more than one instrument is executed under this entry in respect of the same loan, Stamp-duty shall be chargeable on total loan amount covering all such instruments so long as no additional loan amount is secured by any such instrument(s)."

STATEMENT OF OBJECTS AND REASONS

The Indian Stamp Act, 1899 was enacted to provide for the levy and collection of stamp duty by the State Government. The Act contains provisions for the effective administration of stamp duty on various instruments executed within the State.

In order to make Punjab a more industry-friendly State and to rationalize duty under Entry 6 of Schedule 1-A of Indian Stamp Act, 1899, it has been considered necessary to streamline the existing framework. The proposed amendment seeks to rationalize the levy of duty on instruments relating to deposit of title deeds, hypothecation and equitable mortgage, thereby improving ease of doing business in the State.

At present, separate stamp duty is chargeable on equitable mortgage and on hypothecation for the same loan transaction, which results in duplication of levy and increases the financial burden on borrowers. The amendment seeks to remove this anomaly by prescribing a single levy of stamp duty at a uniform rate on the total loan amount, subject to a reasonable upper cap, and by ensuring that duty is charged once on the total loan amount no additional stamp duty is charged on additional instruments executed in relation to the same loan, where no additional debt is created.

The proposed reform will reduce transaction costs, facilitate smoother credit operations, particularly for MSMEs, and contribute towards creating a more enabling business environment in the State.

To give effect to the above objectives, it is proposed to amend the Indian Stamp Act, 1899.

HARDIP SINGH MUNDIAN
Revenue, Rehabilitation &
Disaster Management,
Minister, Punjab.

FINANCIAL MEMORANDUM

The Bill seeks to amend Entry 6 of Schedule 1-A of the Indian Stamp Act, 1899 with a view to rationalizing the levy of stamp duty on instruments relating to deposit of title deeds, hypothecation and equitable mortgage. The proposed amendment aims to enhance the ease of doing business in the State by eliminating the duplication of stamp duty on the same loan transaction and by prescribing a single, capped levy on the total loan amount. This measure will simplify compliance, reduce transaction costs, and facilitate smoother access to credit for businesses, particularly MSMEs, thereby supporting industrial development and economic growth in the State.

The amendment is expected to result in a reduction of annual stamp duty receipts from these instruments. However, as the Bill does not envisage any provision that would result in recurring or non-recurring expenditure from the Consolidated Fund of the State, the enactment of this Bill will not entail any direct financial implications for the State Government.

The Governor has, in pursuance of clause (1) and (3) of Article 207 of the Constitution of India, recommended to the Punjab Legislative Assembly, the introduction and consideration of the Bill.

CHANDIGARH:
THE 29TH DECEMBER, 2025

R. L. KHATANA,
SECRETARY.

N.B. – The above Bill published in the Punjab Government Gazette (Extraordinary), dated the 29th December, 2025 under the proviso to rule 121 of the Rules of Procedure and Conduct of Business in the Punjab Vidhan Sabha (Punjab Legislative Assembly).