

PROF. NAUNIHAL SINGH (UTTAR PRADESH): Madam, I also associate myself with the sentiments expressed by my colleague.

यह पता नहीं चलता कि सड़क गड्ढे में है या गड्ढा सड़क में है।

THE VICE-CHAIRMAN (SHRIMATI RENUKA CHOWDHURY): Before we adjourn for lunch, there is a statement regarding the Government Business, to be made by Dr. U. Venkateswarlu.

ANNOUNCEMENT RE. GOVERNMENT BUSINESS FOR THE WEEK COMMENCING MONDAY, THE 2ND DECEMBER, 1996.

THE MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (DR. U. VENKATESWARLU): Madam, with your permission, I rise to announce that the Government Business during the week commencing Monday, the 2nd December, 1996 will consist of:—

1. Consideration and passing of:—

- (a) The Indian Contract (Amendment) Bill, 1992.
- (b) The Sements Provident Fund (Amendment) Bill, 1995.
- (c) The Apprentices (Amendment) Bill, 1995.
- (d) The Companies (Amendment) Bill, 1996.

2. Discussion on the Resolution seeking approval of the Proclamation issued by the President on 17.10.96 under Article 356 of the Constitution in relation to the State of Uttar Pradesh.

3. Consideration and passing of the Coast Guard (Amendment) Bill, 1996.

THE VICE-CHAIRMAN (SHRIMATI RENUKA CHOWDHURY): The House is adjourned for lunch till 2.00 P.M.

The House then adjourned for lunch at fifty-eight minutes past twelve of the clock.

The House reassembled after lunch at eleven minutes past two of the clock,

The Vice-Chairman (Shrimati Kamla Sinha) in the Chair.

THE INDIAN CONTRACT (AMENDMENT) BILL, 1992

THE MINISTER OF STATE OF THE MINISTRY OF LAW AND JUSTICE (SHRI RAMAKANT D. KHALAP): Madam, I beg to move:

"That the Bill further to amend the Indian Contract Act, 1872, be taken into consideration."

Madam, this Bill seeks to amend Section 28 of the Indian Contract Act, 1872 which provides that every agreement by which any party thereto is restricted absolutely from enforcing his rights under or in respect of any contract by the usual legal proceedings in the ordinary tribunal and which limits the time within which he may thus enforce his right, is void to that extent. In fact, in Section 28, it is stated in the form of two propositions: (i) Parties to an agreement are not allowed to substitute their own periods of limitation in place of the period laid down under the general law of limitation, (ii) Parties to an agreement are allowed to substitute their own prescription, that is to say, they are free to provide that if a party does not sue within a specified period, then the rights accruing under the contract shall be forfeited or extinguished or the party shall be discharged from all liability under the contract. In other words, the clause limiting the time for enforcing a remedy is prohibited. But the clause limiting the duration up to which the rights remain alive and extinguishing this right till the end of such period is permissible. Thus, a distinction is assumed to exist between the remedy and the right and that distinction is the basis of the present position of law under Section 28 under which a clause barring a remedy is void. In every case a subtle distinction has to be applied as to whether a clause merely bars the remedy or extinguishes the right. The decision hangs on a fine distinction that is not easy on application, creating uncertainty in the minds of the party by conflict of approach in actual case in courts. This approach may be sound in theory. But in practice it causes serious hardship and might be even abused so as to defeat the cause of economic justice. The Law commission of