

THE ANNUAL SURVEY OF STATE LAWS IN INDIA

Edited by Amita Dhanda



NALSAR UNIVERSITY OF LAW
Justice City, Shamirpet,
Hyderabad, Telangana 500101.

2023

Patron

Prof. Srikrishna Deva Rao
Vice-Chancellor
NALSAR University of Law
Hyderabad

Editorial Team

Editor: Dr Amita Dhanda
Associate Editor: Dr Aymen Mohammed
Assistant Editor: Mr Aniket Sawant
Research Associate: Mr Syed Misbah Ameen

Suggested Citation: ASSL (2023)

All content in this volume is licensed under a **Creative Commons Attribution-NonCommercial-ShareAlike 2.5 India License (CC BY-NC-SA 2.5 IN)**

Under the terms of this license, the full text of which can be found at <https://creativecommons.org/licenses/by-nc-sa/2.5/in/legalcode>, **you are free to:**

- **Share** — copy and redistribute the material in any medium or format
- **Adapt** — remix, transform, and build upon the material

Under the following terms:

- **Attribution** — You must give appropriate credit, provide a link to the license, and indicate if changes were made. You may do so in any reasonable manner, but not in any way that suggests the licensor endorses you or your use.
- **Non-Commercial** — You may not use the material for commercial purposes.
- **ShareAlike** — If you remix, transform, or build upon the material, you must distribute your contributions under the same license as the original.
- **No additional restrictions** — You may not apply legal terms or technological measures that legally restrict others from doing anything the license permits.

The licensor cannot revoke these freedoms as long as you follow the license terms.

Notices:

- You do not have to comply with the license for elements of the material in the public domain or where your use is permitted by an applicable exception or limitation.
- No warranties are given. The license may not give you all of the permissions necessary for your intended use. For example, other rights such as publicity, privacy, or moral rights may limit how you use the material.

PUNJAB

SHRUTI BEDI★

Introduction

The Punjab Legislative Assembly is a unicameral legislature constituted under Article 168 of the Constitution of India. The current, 16th Punjab Legislative Assembly, was formed following general elections held in February 2022. The Aam Aadmi Party (AAP) achieved a historic victory, securing 92 out of 117 seats - a decisive mandate that resulted in the party forming a government for the first time in the state. Bhagwant Mann was sworn in as Chief Minister on March 16, 2022.¹

This political transition ended decades of power oscillation between the Indian National Congress and the Shiromani Akali Dal. The political climate in 2023 was marked by growing tension between the elected government and the constitutional head of the state - the Governor, especially on issues involving assent to bills passed by the Assembly.² This stand-off reached a critical stage with the Governor reserving several key bills for the President's consideration³, triggering a larger constitutional debate on the boundaries of gubernatorial discretion and the federal balance between the State and the Centre.

The Supreme Court judgment in *State of Punjab v. Principal Secretary of Governor of Punjab*⁴ became a landmark intervention in affirming that a Governor cannot indefinitely

* Professor and Director, University Institute of Legal Studies, Chandigarh, Punjab.

¹ Atul Sangar, "Bhagwant Mann: How AAP routed the Congress in Punjab" *BBC*, Mar. 14, 2022, available at: <https://www.bbc.com/news/world-asia-india-60733499> (last visited Jun. 18, 2024).

² Manjeet Sehgal, "Punjab governor questions bills passed in Assembly, says breach of law" *India Today*, Jul. 18, 2023, available at: <https://www.indiatoday.in/cities/chandigarh/story/punjab-governor-says-recent-assembly-session-breach-law-bills-passed-illegally-2408284-2023-07-18> (last visited Mar. 25, 2024).

³ The Hindu Bureau, "Punjab Governor reserves three Bills for President's consideration" *The Hindu*, Dec. 7, 2023, available at: <https://www.thehindu.com/news/national/punjab-governor-reserves-3-bills-for-presidents-consideration/article67612090.ece>. (last visited Mar. 27, 2024).

⁴ 2023 INSC 1017

withhold assent to bills, thereby shaping both the legislative strategy and political narrative in Punjab throughout the year.

Quantitative Legislative Review

The 16th Punjab Legislative Assembly, held two regular sessions during the calendar year 2023. These included the Fourth Session (Budget Session) and the Fifth Session (Winter Session). The Fourth Session was extended beyond March through special sittings in June and October, and it was formally prorogued only in November after intervention by the Supreme Court of India.⁵

Over the course of 2023, the Assembly convened for a total of 12 sitting days, with the majority of legislative business concentrated in the Budget Session and its extensions. Total hours worked across all sittings is estimated at 46.3 hours.⁶ While the Assembly passed significant legislation, the duration of the debates was short, and the question hour was largely absent in the extended sittings. No private member bills were either introduced or discussed. The functioning of the house committees was minimal and non-transparent.

Despite the limited number of sittings, the Assembly passed 16 bills in total. Each of these bills was introduced and passed in 2023. Of the 16 bills, 13 received the Governor's assent, while three were reserved for the consideration of the President under Article 200 of the Constitution. Among the three reserved bills, the one relating to education was returned without assent by the President, while the other two are still pending with the President.⁷

The legislative output in 2023 was significantly oriented towards addressing Punjab's deteriorating fiscal condition. Out of the 16 bills passed, eight were directly related to financial and revenue matters. These included three appropriation bills, three money bills addressing taxation and budgetary responsibility, and two revenue-focused bills designed to augment the state's tax and non-tax income. In addition to these eight, three more bills

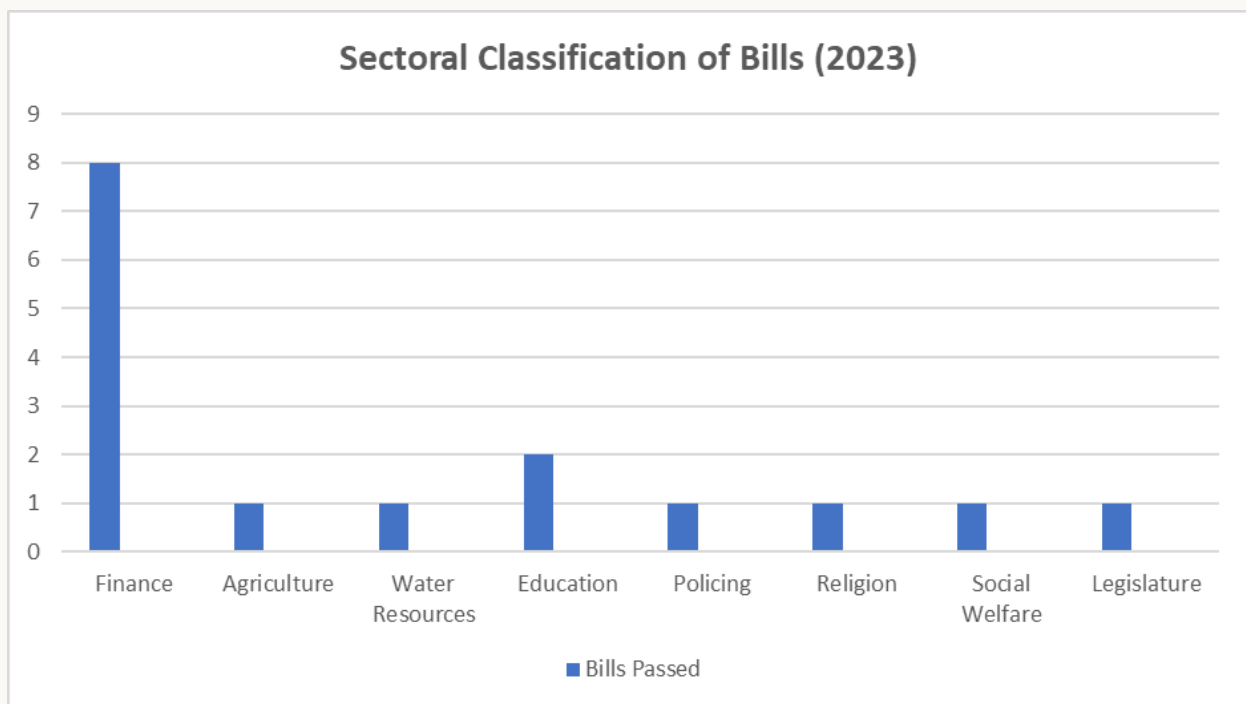
⁵ Sanjeev Verma, "Punjab gov prorogues budget session, Oks 3rd money bill" *The Times of India*, Nov. 17, 2023, available at: <https://timesofindia.indiatimes.com/city/chandigarh/punjab-gov-prorogues-budget-session-oks-3rd-money-bill/articleshow/105276679.cms> (last visited May 7, 2024). The governor had refused to give assent to the bills passed in the extended sittings terming them as illegal. The Punjab government had then approached the Supreme Court wherein the court ordered the Governor to prorogue the session.

⁶ PRS, "16th Punjab Legislative Assembly (2022-Present)" PRS Legislative Research, available at: <https://prsindia.org/legislatures/states/16th-punjab-legislative-assembly-2022-present> (last visited May 7, 2024).

⁷ Express News Service, "President returns Punjab Bill seeking removal of Governor as Chancellor" *The Indian Express*, July 18, 2024, available at: <https://indianexpress.com/article/cities/chandigarh/bill-to-make-punjab-cm-chancellor-of-state-universities-returned-by-president-without-assent-9459847/> (last visited July 20, 2024).

had notable financial implications. These included legislations pertaining to salaries and allowances of certain government functionaries and the rationalisation of public institutions to reduce state expenditure. The year’s legislative focus remained overwhelmingly concentrated on fiscal legislation and public finance administration.

Beyond finance, other bills were distributed across diverse sectors. Two bills pertained to education, including one which sought to redefine institutional governance and remains unenforced due to the President returning the bill without assent.⁸ One new enactment concerned water resources management was passed and assented to without delay. Another bill addressed policing reforms remains pending at the presidential level. A further bill concerning religious administration was similarly withheld. The process revealed ongoing tensions between the legislature and the Governor, with the latter exercising his discretion under Article 200 in a manner that significantly delayed legislative implementation.



As far as executive rulemaking is concerned, the year 2023 witnessed limited action. While a few notifications were issued concerning administrative reforms, environmental management, office timings, and public sand mining sites, none of these derived authority

⁸ PTI, “Prez returns Bill to make Punjab CM chancellor of state universities” *Business Standard*, Jul. 17, 2024, available at: https://www.business-standard.com/education/news/prez-returns-bill-to-make-punjab-cm-chancellor-of-state-universities-124071700969_1.html (last visited Jul. 21, 2024).

from the newly enacted statutes of the year. As a result, no statutory rules were notified under the major Acts passed by the legislature in 2023.⁹

Qualitative Legislative Review

Institutional Stand-off between Governor and Government of Punjab

In 2023, a constitutional standoff emerged in Punjab between the Governor and the elected government concerning the summoning and prorogation of the Legislative Assembly. Under Article 174 of the Constitution of India, the Governor holds the authority to summon the State Legislature to meet at such time and place as he deems fit, and to prorogue or dissolve the Assembly. Traditionally, once a session is adjourned sine die by the Speaker, the Governor issues a formal notification proroguing the session. The Budget Session of the 16th Punjab Vidhan Sabha, which was summoned by the Governor on 3 March 2023, was adjourned sine die by the Speaker on March 22.¹⁰ However, the Governor did not issue a formal prorogation, effectively keeping the session pending.

In the absence of prorogation, the Speaker reconvened the session under Rule 16 of the Procedure and Conduct of Business Rules of the Punjab Legislative Assembly.¹¹ This rule permits the Speaker to summon a sitting if the session remains un-prorogued. On June 19 and 20, 2023, the Assembly met under this provision and passed four bills. These included the Sikh Gurdwaras (Amendment) Bill, the Punjab Affiliated Colleges (Security of Service) (Amendment) Bill, the Punjab Universities Laws (Amendment) Bill, and the Punjab Police (Amendment) Bill.¹² However, the Governor declared the sitting unconstitutional, refused to acknowledge its legality, and withheld assent to all four bills.

The constitutional dispute deepened further with procedural differences around Article 200 of the Constitution, which outlines the process for gubernatorial assent to state legislation. Article 200 stipulates that when a bill is presented to the Governor, he must either assent, withhold assent, or reserve the bill for the consideration of the President. It also contains a proviso that permits the Governor to return a non-Money Bill with a message for

⁹ *Supra* note 6.

¹⁰ Punjab Vidhan Sabha Secretariat, Legislative Branch, available at: <https://punjabassembly.nic.in/images/docs/Sine-Die%2022nd%20March,%202023.pdf> (last visited Jan. 26, 2024).

¹¹ 16th Legislative Assembly, "Rules of Procedure" Punjab Legislative Assembly, available at: <https://punjabassembly.nic.in/AboutVidhanSabha/rulesofprocedure?SelectedLang=1> (last visited Jan. 27, 2024).

¹² 16th Legislative Assembly, Punjab Vidhan Sabha, available at: [https://punjabassembly.nic.in/\(S\(e32023nx22m4qlsgnru54xvh\)\)/Legislations/PassedBills?SelectedLang=](https://punjabassembly.nic.in/(S(e32023nx22m4qlsgnru54xvh))/Legislations/PassedBills?SelectedLang=) (last visited Jan. 7, 2024).

reconsideration. Crucially, once a bill is reconsidered and passed by the Assembly, the Governor is constitutionally bound to assent to it. The second proviso to Article 200 mandates that any bill that undermines the authority of the High Court must be reserved for the President.

In the Punjab case, the Governor neither returned the disputed bills to the Assembly for reconsideration nor formally acted upon them, keeping them in a state of indefinite limbo. This action or lack thereof prompted the Punjab government to invoke Article 32 of the Constitution and approach the Supreme Court in *State of Punjab v. Principal Secretary to Governor of Punjab*,¹³ The Supreme Court ruled in favour of the Assembly, holding that the Governor cannot keep bills pending indefinitely. It observed that the Governor's failure to act on bills passed by a duly elected legislature effectively allows the unelected head of state to override the legislative mandate, which would be antithetical to the principles of parliamentary democracy. The Court emphasised that the phrase “as soon as possible” in Article 200 carried substantive constitutional content and imposed a time-sensitive obligation on the Governor.¹⁴

The Court also upheld the legality of the sittings held in June and October, declaring that there was no constitutional defect in the Assembly reconvening itself when the session had not been prorogued. Following the Court's judgment, the Governor belatedly prorogued the session on 17 November 2023, nearly eight months after it was convened.¹⁵ This allowed the House to proceed with a formally constituted Winter Session on November 28 and 29.

This episode highlighted a broader federal tension in India's constitutional architecture - particularly the ambiguity surrounding the Governor's discretionary powers in a state where the executive is drawn from an elected legislature. The Punjab case mirrored similar developments in other states, notably Kerala and Telangana, where Governors have also withheld or delayed assent without a clear constitutional justification.

Addressing Punjab's Fiscal Stress and Legislative Response

Punjab's public finances in 2023 remained under considerable strain, as the state continued to grapple with one of the highest debt-to-GSDP ratios in the country. According to the Reserve Bank of India's “State Finances: A Study of Budgets 2023–24”, Punjab's public debt

¹³ *Supra* note 4.

¹⁴ Also see *State of Telangana v. Governor of Telangana*, (2024) 1 SCC 405.

¹⁵ Express News Service, “After SC rap, Punjab Governor Banwarilal Purohit prorogues Assembly, clears money Bill for tabling” *The Indian Express*, Nov. 17, 2023, available at: <https://indianexpress.com/article/cities/chandigarh/sc-rap-punjab-governor-prorogues-assembly-clears-money-bill-tabling-9029461/> (last visited Jan. 12, 2024).

was estimated to exceed 47% of its Gross State Domestic Product (GSDP), significantly above the national average and far above the FRBM target ceiling of 20%.¹⁶ The burden of debt is compounded by persistently high committed expenditure - over 80% of the state's revenue receipts are consumed by salaries, pensions, interest payments, and power subsidies.¹⁷ According to Punjab's 2023-24 Budget Speech, the state borrowed ₹47,000 crore, out of which nearly ₹27,000 crore, or around 57%, was used merely for interest servicing on previous loans.¹⁸

The revenue crisis was aggravated by both structural and political factors. Punjab's share in central tax devolution remains low, with the state reportedly receiving only around 45 paise for every rupee contributed to the central tax pool, according to statements made in the state assembly.¹⁹ Furthermore, non-tax revenue collections have consistently underperformed. During the first quarter of FY 2023-24, the non-tax revenue stood at only ₹1,123.79 crore, accounting for a mere 14.3% of the annual target of ₹7,823.09 crore.²⁰ Against this economic backdrop, the government tabled and passed three Appropriation Bills during the Budget Session to meet expenditures for past and current fiscal years, including retrospective allocations for FYs 2015-19²¹ and supplementary demands for FY 2022-23²² and FY 2023-24.²³

Legislative Reforms on Taxation: Punjab GST and Stamp Duty Amendments

¹⁶ Reserve Bank of India, "State Finances: A Study of Budgets 2023-24" 103 (Dec. 2023), available at: <https://rbidocs.rbi.org.in/rdocs/Publications/PDFs/OSTATEFINANCES202324E45F66372EEC4743AE4E9BED92EB85FF.PDF> (last visited July 20, 2024).

¹⁷ BS Ghuman, "Punjab Economy Remains on Debt-Bed" *Times of India*, Dec. 31, 2023, available at: <https://timesofindia.indiatimes.com/city/chandigarh/punjab-economy-remains-on-debt-bed/articleshow/106416328.cms> (last visited Jan. 26, 2024).

¹⁸ *Ibid.*

¹⁹ AS Mittal, "Punjab is reeling under socio-economic distress" *The Pioneer*, Sept. 28, 2023, available at: <https://www.dailypioneer.com/2023/columnists/punjab-is-reeling-under-socio-economic-distress.html> (last visited Jan. 6, 2024).

²⁰ Ruchika M Khanna, "Punjab's low non-tax revenue cause for concern" *The Tribune*, July 31, 2023, available at: <https://www.tribuneindia.com/news/punjab/low-non-tax-revenue-cause-for-concern-530851> (last visited Jan. 6, 2024).

²¹ The Punjab Appropriation (No. 1) Bill, 2023 (Bill No. 4 PLA 2023), available at: https://cms.neva.gov.in/FileStructure_PB/Notices/399bb31d-bd8c-4b9f-838b-d681853d3290.pdf (last visited Jan. 6, 2024).

²² The Punjab Appropriation (No. 2) Act, 2023 (Punjab Act No. 2 of 2023), available at: https://finance.punjab.gov.in/uploads/06Apr2023/db393d3e-4898-4989-9f20-00c72c0e4442_20230406131510.pdf (last visited Jan. 6, 2024).

²³ The Punjab Appropriation (No. 3) Bill, 2023 (Bill No. 6 PLA 2023), available at: <https://punjabassembly.nic.in/images/docs/6-PLA-2023.pdf> (last visited Jan. 6, 2024).

Facing fiscal constraints, the state government introduced key legislative measures aimed at increasing tax and non-tax revenue. A focal point was the attempt to introduce three Money Bills - the Punjab Goods and Services Tax (GST) (Amendment) Bill, 2023, the Punjab Fiscal Responsibility and Budget Management (FRBM) (Amendment) Bill, 2023, and the Indian Stamp (Punjab Amendment) Bill, 2023 - during a special sitting of the Assembly on 20 October 2023. However, the Governor initially refused to grant approval for tabling these bills, asserting that the session was not constitutionally valid.²⁴ Following the Supreme Court's intervention in the *State of Punjab* case, the Governor accorded approval to two of the three bills (GST and Stamp bills).

In 2023, the Government of Punjab passed the Punjab GST (Amendment) Bill, 2023, aligning its provisions with national amendments recommended by the GST Council under the 49th and 50th meetings held in February and July 2023, respectively.²⁵ The primary objective of the amendment was to facilitate the establishment of GST Appellate Tribunals within the state, in compliance with Section 109 and 110 of the Central GST Act, which were amended nationally via the Finance Act, 2023. The Punjab amendment enables the formation of two state-level benches of the tribunal to handle disputes between taxpayers and the tax department, thereby reducing the backlog of appeals pending before the High Courts and ensuring timely redressal of tax-related grievances.

A major reform introduced through this bill was the inclusion of online gaming under the ambit of GST, in line with the national tax framework post the Council's July 2023 decision. The amendment mandates compulsory registration of suppliers of online money gaming, regardless of turnover, and imposes taxation on the total value of deposits or entry amounts for such platforms. The move is expected to broaden the state's GST revenue base and bring uniformity in taxing virtual gaming and gambling platforms.²⁶

Another significant change made by this amendment was the removal of the restriction that prevented composition scheme taxpayers (typically small businesses with annual turnover below ₹1.5 crore) from supplying goods through electronic commerce operators (ECOs).

²⁴ PTI, "Punjab governor gives approval to table bills on GST Appellate Tribunal, stamp duty on mortgaging property" *Deccan Herald*, Nov. 1, 2023, available at: <https://www.deccanherald.com/india/punjab/punjab-governor-gives-approval-to-table-bills-on-gst-appellate-tribunal-stamp-duty-on-mortgaging-property-2751359> (last visited Jan. 9, 2024).

²⁵ The Punjab Goods and Services Tax (Amendment) Bill, 2023 (Bill No. 17-PLA-2023), available at: https://prsindia.org/files/bills_acts/bills_states/punjab/2023/BillNo-17of2023-Punjab.pdf (last visited Jan. 10, 2024).

²⁶ TNN, "Pb govt expects major hike in GST revenue" *Times of India*, Dec. 1, 2023, available at: <https://timesofindia.indiatimes.com/city/chandigarh/pb-govt-expects-major-hike-in-gst-revenue/articleshow/105642516.cms> (last visited Jan. 9, 2024).

With this amendment, such taxpayers can now access digital marketplaces, improving their reach and competitiveness, especially in rural and semi-urban Punjab.

Concurrently, the Assembly also passed the Indian Stamp (Punjab Amendment) Bill, 2023, to streamline and rationalise the levy and collection of stamp duties under the Indian Stamp Act, 1899.²⁷ The amendment made specific changes to Entries 6 and 48 of Schedule 1-A, clarifying the stamp duty applicable to equitable mortgages (i.e., loans secured by the deposit of title deeds). The Act imposes a 0.25% stamp duty on the loan amount for such mortgages²⁸, and empowers authorised bank officers to submit the relevant documentation electronically to the Sub-Registrar's office, thereby reducing bureaucratic delays.

More significantly, the Act introduced a 2% stamp duty on powers of attorney that authorise individuals other than blood relatives to sell immovable property. This was aimed at preventing tax avoidance practices, such as transferring properties using revocable powers of attorney to bypass registration and stamp duty.²⁹ These amendments are expected to plug revenue leakages and enhance transparency in property transactions. The Governor of Punjab accorded assent to the Indian Stamp (Punjab Amendment) Bill in January 2024, bringing the changes into legal force.³⁰

Borrowing Framework and Fiscal Management

In 2023, the Punjab Legislative Assembly passed the Punjab Fiscal Responsibility and Budget Management (Amendment) Bill, 2023, during the Winter Session.³¹ This was a key legislative measure aligned with fiscal directives issued by the Union Ministry of Finance,

²⁷ The Indian Stamp (Punjab Amendment) Act, 1994 (Punjab Act No. 17 of 1994), available at: https://www.mha.gov.in/sites/default/files/161_indian_stamp_punjab_amendment_28082017.PDF (last visited Jan 9, 2024).

²⁸ Under the unamended Schedule 1-A of the Indian Stamp Act, 1899 as applicable to Punjab, Entry 6 dealt with "Agreement relating to deposit of title deeds, pawn or pledge." The applicable stamp duty prior to the 2023 amendment varied across districts and was often subject to administrative discretion. In most areas, it was: fixed at ₹200 to ₹500.

²⁹ TNN, "Assembly passes 4 Bills on last day of winter session, deferred sine die" *Times of India*, Nov. 30, 2023, available at: <https://timesofindia.indiatimes.com/city/chandigarh/punjab-assembly-passes-4-bills-on-last-day-of-winter-session-latest-news/articleshow/105609109.cms> (last visited Jan. 10, 2024).

³⁰ HT Correspondent, "Punjab CM Bhagwant Mann thanks governor for giving assent to 3 bills passed in November" *Hindustan Times*, Jan. 8, 2024, available at: <https://www.hindustantimes.com/cities/chandigarh-news/punjab-cm-bhagwant-mann-thanks-governor-for-giving-assent-to-3-bills-passed-in-november-101704653635362.html> (last visited Jan. 10, 2024).

³¹ HT Correspondent, "Punjab: House passes 2 money bills unanimously" *Hindustan Times*, Nov. 29, 2023, available at: <https://www.hindustantimes.com/cities/chandigarh-news/punjab-house-passes-2-money-bills-unanimously-101701201573490.html> (last visited Jan. 15, 2024).

particularly concerning the Annual Borrowing Ceiling (ABC) that states must adhere to under the provisions of Article 293(3) of the Constitution.

The FRBM (Amendment) Bill, 2023 aimed to update Section 4 of the Punjab FRBM Act, 2003, which sets statutory limits on fiscal deficit, revenue deficit, and the debt-to-GSDP ratio. While earlier amendments between FY 2019–20 and FY 2022–23 had only revised Clause (a) of Section 4(2), which pertains to fiscal deficit targets - the 2023 amendment extended the revision to Clause (b) (revenue deficit) and Clause (c) (outstanding debt as a percentage of GSDP). These modifications brought Punjab's fiscal responsibility law in line with updated norms recommended by the 15th Finance Commission and fiscal conditions laid out by the Centre.³²

One of the critical reasons for amending the FRBM Act was to qualify for full borrowing permission from the Union government, including under special schemes. Following the passage of the amendment, the Punjab government filed a fresh claim of ₹5,005 crore with the Union Ministry of Finance for unpaid GST compensation. This figure represented part of the outstanding dues promised under the GST (Compensation to States) Act, 2017. Subsequently, in the second half of 2023, the Centre released ₹3,670 crore to Punjab.³³

Non-Tax Revenue Expansion Through Property and Registration Reforms

In a bid to streamline property registration and close long-standing legal loopholes, the Punjab Legislative Assembly passed two key laws in its 2023 Winter Session - The Transfer of Property (Punjab Amendment) Bill, 2023 and The Registration (Punjab Amendment) Bill, 2023.³⁴ These amendments aim to enhance transparency, curb stamp duty evasion, and boost non-tax revenue.

The Transfer of Property Act, 1882, though central in nature, has been selectively applied in Punjab via notifications under the Punjab Laws Act, 1872.³⁵ Notably, Section 58(f), which deals with mortgages by deposit of title deeds (equitable mortgages), was extended to the

³² *Statement of Objects and Reasons of The Punjab Fiscal Responsibility and Budget Management (Amendment) Bill, 2023*, available at: https://prsindia.org/files/bills_acts/bills_states/punjab/2023/BillNo-18of2023-Punjab.pdf (last visited Jan. 15, 2024).

³³ PTI, "Punjab gets ₹3,670 cr GST compensation after it lodged new claim with Centre: FM Cheema" *Hindustan Times*, Nov. 29, 2023, available at: <https://www.hindustantimes.com/cities/chandigarh-news/punjab-gets-rs-3-670-cr-gst-compensation-after-it-lodged-new-claim-with-centre-fm-cheema-101701201449690.html> (last visited Jan. 15, 2024).

³⁴ *Supra* note 29.

³⁵ All provisions of the Transfer of Property Act, 1882 were not applicable to the State of Punjab. Certain provisions relating to sale-deeds and gifts were made applicable to the State w.e.f. April 1, 1955 and to the area comprising the erstwhile Pepsu State, w.e.f. May 15, 1957. See *Harbans Singh v. Guran Ditta Singh*, 1991 SCC (2) 523.

state in 1975. However, since such mortgages did not require compulsory registration, they often resulted in stamp duty evasion and uncertainty in enforcement.

The 2023 amendment makes equitable mortgages compulsorily registrable and imposes a uniform 0.25% stamp duty on the loan amount.³⁶ It also simplifies procedures by allowing bank managers to submit deeds directly to the sub-registrar, reducing the burden on the public.

The Registration (Punjab Amendment) Bill, 2023³⁷ complements this by amending Section 17 of the Registration Act, 1908, to make sales certificates from court or revenue auctions compulsorily registrable. These were previously often left unregistered, enabling evasion of the 3% stamp duty. The amendment also proposes adding “mortgages by title deeds” and “sale certificates” to the list of documents attracting registration fees, while repealing Section 17(2)(xii) to close a key loophole.

Together, these reforms are expected to strengthen transparency in land transactions and enhance Punjab’s stamp duty revenue through more consistent enforcement.

Rationalising Expenditure through Institutional Restructuring

In the light of Punjab’s fiscal constraints, particularly the heavy burden of committed expenditure on salaries, pensions, interest payments, and allowances, the state government pursued selective amendments in 2023 to reduce unnecessary outlays through statutory restructuring. Two key reforms were implemented through the Punjab State Commission for Scheduled Castes (Amendment) Bill, 2023 and the Punjab Agricultural Produce Markets (Amendment) Bill, 2023.

The Punjab State Commission for Scheduled Castes Act, 2004 was amended to rationalise the composition and functioning of the SC Commission. The amendment reduced the number of non-official members on the Commission from ten to five, with a mandatory reservation of at least one woman member.³⁸ It also revised the term of office for the Chairperson and non-official members, originally three years, now extendable by two additional years or until the age of sixty-five, whichever is earlier.³⁹ These changes were introduced to streamline the Commission’s operations and limit redundant expenditure

³⁶ The Transfer of Property (Punjab Amendment) Bill, 2023, available at: https://prsindia.org/files/bills_acts/bills_states/punjab/2023/BillNo-15of2023-Punjab.pdf (last visited Jan. 13, 2024).

³⁷ The Registration (Punjab Amendment) Bill, 2023 (Bill No. 16-PLA-2023), available at: https://prsindia.org/files/bills_acts/bills_states/punjab/2023/BillNo-16of2023-Punjab.pdf (last visited Jan. 13, 2024).

³⁸ Amendment in section 3 of Punjab Act No. 5 of 2004.

³⁹ *Id.*, amendment in section 4.

while maintaining its core mandate to safeguard the legal and constitutional rights of Punjab's Scheduled Castes, who constitute 31.94% of the state's population (as per Census 2011).⁴⁰ The Commission retains its powers to investigate grievances, recommend policy reforms, and initiate proceedings when necessary.

Simultaneously, the Punjab Assembly unanimously passed the Punjab Agricultural Produce Markets (Amendment) Bill, 2023, aimed at reducing recurring expenses of the Punjab Mandi Board.⁴¹ The amendment abolished the positions of Senior Vice-Chairman and Vice-Chairman, which had been introduced in 2010 and 2016, respectively. These posts had no statutory powers or administrative functions but continued to draw honorarium, allowances, and staff support, thereby creating avoidable fiscal outflows.⁴² The government argued, and the Assembly concurred, that their elimination would trim non-essential administrative overheads without affecting the operational efficacy of the Board.

Additional Fiscal Commitment: Salaries to Chief Whip

The Salaries and Allowances of Chief Whip in Punjab Legislative Assembly Act, 2023, passed during the 2023 legislative session, conferred Cabinet minister-equivalent entitlements on the Chief Whip of the ruling party.⁴³ These include salary, official residence, vehicle, medical allowance, and TA/DA, incurring an estimated annual cost of ₹14.66 lakh to the state exchequer.⁴⁴

⁴⁰ Scheduled Caste Sub-Plan 2023-24, Government of Punjab Department of Social Justice, Empowerment and Minorities, March 10, 2023, Chandigarh, available at: https://finance.punjab.gov.in/uploads/10Mar2023/Special_Component_Plan_English.pdf (last visited Jan. 7, 2024).

⁴¹ The Punjab Agricultural Produce Markets (Amendment) Bill, 2023 (Bill No. 9 PLA 2023), available at: <https://punjabassembly.nic.in/images/docs/AssemblyFiles/16/173/20230322/Documents/bill%209pla%20passed.pdf> (last visited Jan. 7, 2024).

⁴² HT Correspondent, "Posts of mandi board senior vice-chairman, vice-chairman in Punjab abolished" *Hindustan Times*, March 22, 2023, available at: <https://www.hindustantimes.com/cities/chandigarh-news/posts-of-mandi-board-senior-vice-chairman-vice-chairman-in-punjab-abolished-101679502446532.html> (last visited Jan. 8, 2024).

⁴³ The Salaries and Allowances of Chief Whip in Punjab Legislative Assembly Bill, 2023 (Bill No. 8 PLA 2023), available at: <https://punjabassembly.nic.in/images/docs/AssemblyFiles/16/173/20230322/Documents/bill%208pla%20passed.pdf> (last visited Jan. 7, 2024).

⁴⁴ Kanchan Vasdev, "Bill to give perks, salary on a par with Cabinet ministers to Chief Whip passed" *The Indian Express*, March 23, 2023, available at: <https://indianexpress.com/article/cities/chandigarh/bill-to-give-perks-salary-on-a-par-with-cabinet-ministers-to-chief-whip-passed-8513739/> (last visited Jan. 7, 2024). The Act defines the Chief Whip as an MLA designated by the majority party and recognised by the Speaker.

With the Aam Aadmi Party holding 92 seats, the party currently appoints the Chief Whip.⁴⁵ While the role is key to legislative coordination, critics have questioned the necessity of such financial outlays amid fiscal stress. However, the government has justified it as providing institutional recognition and operational stability to a crucial parliamentary function.

Pension Scheme Status

While the Punjab government had announced the reinstatement of the Old Pension Scheme (OPS) in 2022⁴⁶, whereby employees receive a defined benefit pension fully funded by the government, it failed to implement the scheme in 2023.⁴⁷ No rules were notified under the new scheme during the year, and new employees continued under the New Pension Scheme (NPS) regime. The financial and legal viability of the OPS continues to be debated both within and outside the legislature.

Environment and Natural Resource Governance

In 2023, the Government of Punjab took modest steps to address pressing environmental and resource management issues, including energy conservation, mining reforms, and water governance. However, several structural problems, particularly those linked to stubble burning and water misuse, persisted despite policy interventions.

To alleviate pressure on the state's power grid during peak summer months, the government issued an administrative directive revising office timings. From May to mid-July, all government offices functioned from 7:30 a.m. to 2:00 p.m., with the aim of reducing daytime energy consumption, especially from air-conditioning systems.⁴⁸ While well-intentioned, no formal energy audit was released to quantify the policy's impact.

Stubble burning remained a major environmental concern. Despite the issuance of a notification dated August 28, 2023, aimed at controlling crop residue burning, enforcement

⁴⁵ "Punjab chief whip salary & allowances law comes into force from 13 april 2023" *Punjab News Express*, April 24, 2023, available at: <https://www.punjabnewsexpress.com/punjab/news/punjab-chief-whip-salary-allowances-law-comes-into-force-from-13-april-2023-206853> (last visited Jan. 7, 2024).

⁴⁶ Kanchan Vasdev, "Punjab notifies old pension scheme, mum on implementation" *Indian Express*, Nov. 20, 2022, available at: <https://indianexpress.com/article/cities/chandigarh/punjab-notifies-old-pension-scheme-mum-on-implementation-8278308/> (last visited Mar. 26, 2024).

⁴⁷ Vikas Vasudev, "Punjab govt. employees await implementation of old pension scheme" *The Hindu*, Oct. 17, 2023, available at: <https://www.thehindu.com/news/national/other-states/punjab-govt-employees-await-implementation-of-old-pension-scheme/article67426501.ece> (last visited Mar. 26, 2024).

⁴⁸ Business Today Desk, "Punjab govt changes office timings from May 2 to save power" *Business Today*, Apr. 9, 2023, available at: <https://www.businesstoday.in/latest/in-focus/story/punjab-govt-changes-office-timings-from-may-2-to-save-power-check-details-376649-2023-04-09> (last visited Mar. 30, 2024).

remained weak.⁴⁹ The National Green Tribunal (NGT) reprimanded the state government for its failure to reduce incidents, which continue to adversely affect air quality across north India.⁵⁰ The lack of coordinated action between local bodies, enforcement agencies, and farmers was flagged as a recurring institutional failure by the Tribunal.

A more systemic reform was introduced with the Punjab State Minor Mineral Policy, 2023, notified on 13 March 2023. This policy marked a departure from past practices by bifurcating mining sites into two distinct categories: Commercial Mining Sites (CMS) and Public Mining Sites (PMS).⁵¹ While CMSs are leased to contractors, PMSs allow individuals to procure limited quantities of sand and gravel at fixed rates. This bifurcation was aimed at enhancing public access, curbing illegal sand mining, and reducing construction costs.⁵² As per Rule 4(g) of the policy, any commercial use of material sourced from PMSs invokes a penalty of three times the pit-head price. Though welcomed by consumer groups, questions remain regarding implementation and monitoring mechanisms.

Regulating Water Resources: Punjab Canal and Drainage Act, 2023

A major legislative milestone in 2023 was the passage of the Punjab Canal and Drainage Act, 2023, notified on 27 December 2023, replacing the colonial-era Northern India Canal and Drainage Act, 1873.⁵³ The new law modernizes the regulatory framework for managing canal water supply and drainage infrastructure in the state.⁵⁴

The Act provides for the maintenance, repair, and protection of canals, distributaries, water courses, and natural drains, with provisions to ensure fair distribution and minimize water loss. It empowers the Divisional Canal Officer to restrict supply under Section 23 to prevent wastage, and imposes penalties under Section 25 for negligent or intentional waste.

⁴⁹ Department of Personnel, “Punjab Government notification regarding stubble burning” Nov. 20, 2023, available at: <https://punjab.gov.in/wp-content/uploads/2023/11/stubble-burning.pdf> (last visited Mar. 30, 2024).

⁵⁰ TNN, “Punjab comes under fire, NGT asks why stubble burning not reined in” *The Times of India*, Nov. 21, 2023, available at: <https://timesofindia.indiatimes.com/city/delhi/punjab-comes-under-fire-ngt-asks-why-stubble-burning-not-reined-in/articleshow/105368225.cms> (last visited Mar.30, 2024).

⁵¹ Govt. of Punjab, “Punjab State Minor Mineral Policy, 2023” Notification, Mar. 13, 2023, available at: <https://minesandgeology.punjab.gov.in/pdf/punjab-minor-mining-policy-2023.pdf> (last visited Mar. 30, 2024).

⁵² Tribune News Service, “Government notifies mines for sale of sand exclusively to public” *The Tribune*, Mar. 16, 2023, available at: <https://www.tribuneindia.com/news/punjab/government-notifies-mines-for-sale-of-sand-exclusively-to-public-488649> (last visited Mar. 30, 2024).

⁵³ Government of Punjab, “The Punjab Canal and Drainage Act, 2023” *India Environment Portal*, Dec. 27, 2023, available at: <http://www.indiaenvironmentportal.org.in/content/476374/the-punjab-canal-and-drainage-act-2023/> (last visited Jan. 14, 2024).

⁵⁴ The Punjab Canal and Drainage Bill, 2023 (Bill No. 20-PLA-2023), available at: https://prsindia.org/files/bills_acts/bills_states/punjab/2023/BillNo-20of2023-Punjab.pdf (last visited Jan. 14, 2024).

Offenders may face fines between ₹5,000 and ₹50,000, or imprisonment up to six months under Section 52, making water misuse a cognizable offence.

The law also introduces redressal mechanisms for affected stakeholders. Under Section 10, suitable bridges or crossings must be maintained for the benefit of adjacent landowners. Section 19 and Section 20 mandate the restoration of damaged or obstructed watercourses, while Section 38 allows the state government to remove obstructions to river or drainage channels that may pose public health or safety concerns.

Importantly, the law authorises canal navigation under regulatory oversight and prohibits unauthorized movement of vessels (Section 32). With Punjab facing a severe groundwater crisis and overdependence on canal irrigation, the Act is a timely legislative intervention. It responds to long-standing demands from farmers and water users for a more transparent and accountable irrigation regime.

Education

Reforming the Punjab Education Tribunal

The Punjab Affiliated Colleges (Security of Service) Act, 1974 was enacted to safeguard the employment conditions of staff in government-aided and affiliated private colleges in the state. To operationalise its protective mandate, the Punjab Educational Tribunal (PET) was established under the Act, with jurisdiction to hear service-related disputes between employees and management. However, over time, structural limitations, such as the absence of powers to enforce compliance or punish for contempt, compromised the Tribunal's effectiveness. Unlike judicial bodies such as the Central Administrative Tribunal, the PET lacked mechanisms to ensure implementation of its decisions, creating a gap in the enforcement of service protections.⁵⁵

Even after amendments in 2007 expanded the composition of the PET to a three-member body (a Chairperson, and two members), the Act did not define a quorum. This meant that the absence of any member, including the Chairperson, rendered the Tribunal non-functional. To rectify these shortcomings, the Punjab Affiliated Colleges (Security of Service)

⁵⁵ *Statement of Objects and Reasons of The Punjab Affiliated Colleges (Security of Service) Amendment Bill, 2023.*

Amendment Bill, 2023⁵⁶ was introduced and passed by the Assembly during the June 2023 special sitting.⁵⁷

The 2023 amendment made two key structural changes: first, it inserted a quorum provision, allowing the Tribunal to function with the Chairperson and one member, or with two members in the Chairperson's absence. Second, it empowered the Tribunal with contempt powers, bringing it at par with High Courts in its authority to enforce its orders.⁵⁸ These amendments are expected to significantly improve the Tribunal's functioning and reduce delays in adjudication.

Attempt to Replace the Governor as University Chancellor

The second significant development in the education sector was the passage of the Punjab Universities Laws (Amendment) Bill, 2023, which sought to alter the governance structure of all state universities. Introduced in the Assembly on 20 June 2023, the Bill proposed to replace the Governor of Punjab with the Chief Minister as the ex-officio Chancellor of the twelve state-run universities.⁵⁹

This legislative move emerged from a long-standing tension between the elected executive and the Governor's office over the appointment of Vice-Chancellors, particularly in the context of increasing centralisation and disputes over federal roles in education.⁶⁰ The Punchhi Commission on Centre-State Relations had previously recommended that Governors be distanced from statutory roles not envisaged by the Constitution, to avoid politicisation of the gubernatorial office. Citing these recommendations, the Punjab government justified the change as a way to depoliticise higher education governance and bring it under the purview of elected representatives.⁶¹

⁵⁶ The Punjab Affiliated Colleges (Security of Service) Amendment Bill, 2023 (Bill No. 11-PLA-2023), available at:

[https://punjabassembly.nic.in/\(S\(oywh20hzqwyymr3gudhfehjf\)\)/images/docs/AssemblyFiles/16/173/20230620/Documents/BILL%20NO.11-PLA-2023.pdf](https://punjabassembly.nic.in/(S(oywh20hzqwyymr3gudhfehjf))/images/docs/AssemblyFiles/16/173/20230620/Documents/BILL%20NO.11-PLA-2023.pdf) (last visited Jan. 14, 2024).

⁵⁷ PRS Legislative Research, "Bill Summary: The Punjab Affiliated Colleges (Security of Service) Amendment Bill, 2023" available at: <https://prsindia.org/bills/states/the-punjab-affiliated-colleges-security-of-service-amendment-bill-2023> (last visited Jan. 14, 2024).

⁵⁸ *Id.*, amendment by addition of Section 7-D.

⁵⁹ The Punjab Universities Law (Amendment) Bill, 2023 (Bill No. 13-PLA-2023), available at: https://prsindia.org/files/bills_acts/bills_states/punjab/2023/BillNo-13of2023-Punjab.pdf (last visited Jan. 15, 2024).

⁶⁰ HT Correspondent, "Punjab passes bill to replace governor with CM as chancellor of state universities" *Hindustan Times*, June 21, 2023, available at: <https://www.hindustantimes.com/cities/chandigarh-news/punjab-university-laws-amendment-bill-2023-chief-minister-becomes-ex-officio-head-of-state-run-universities-101687288013594.html> (last visited Jan. 16, 2024).

⁶¹ *Statement of Objects and Reasons of The Punjab Universities Law (Amendment) Bill, 2023.*

However, the constitutional implications of this amendment proved contentious. The Governor reserved the Bill for the consideration of the President under Article 200 of the Constitution. In early 2024, the President returned the Bill without granting assent, effectively blocking its enactment.⁶²

Policing

Institutional Reform in DGP Appointments

In 2023, the Punjab Legislative Assembly introduced a key police reform measure through the Punjab Police (Amendment) Bill, 2023, seeking to amend the Punjab Police Act, 2007. The legislation aimed to institute an independent and transparent mechanism for the appointment of the Director General of Police (DGP), a post critical to law enforcement in the state.⁶³

Under the Constitution of India, “public order” and “police” are subjects under Entries 1 and 2 of the State List in the Seventh Schedule, giving state legislatures exclusive jurisdiction over their regulation. While the 2007 Act already provided a basic framework for police governance, including provisions for a State Security Commission and a Police Complaints Authority, the selection of the DGP remained contentious, often mired in conflict between the state executive and Union institutions, particularly the UPSC, which shortlists candidates based on seniority and service.

The 2023 amendment proposed a more autonomous selection process aligned with Supreme Court directions in *Prakash Singh v. Union of India*,⁶⁴ which mandated fixed tenures and non-political appointments to top police posts. The Punjab amendment sought to create a State-level Selection Committee with the power to shortlist and recommend names to the Chief Minister, thereby insulating the process from undue external interference.

The Bill was passed by the Assembly in the June 2023 session, but was reserved for the President’s consideration under Article 200 of the Constitution by the Governor of Punjab, citing its possible divergence from central norms governing police appointments in All India Services.⁶⁵ As of December 2023, the Bill had not received Presidential assent, and remains pending.

⁶² *Supra* note 7.

⁶³ The Punjab Police (Amendment) Bill, 2023 (Bill No. 10-PLA-2023), available at: [https://punjabassembly.nic.in/\(S\(bdwbuypqfu5qdan4m4eix133\)\)/images/docs/AssemblyFiles/16/173/20230620/Documents/BILL%20NO.10-PLA-2023.pdf](https://punjabassembly.nic.in/(S(bdwbuypqfu5qdan4m4eix133))/images/docs/AssemblyFiles/16/173/20230620/Documents/BILL%20NO.10-PLA-2023.pdf) (last visited Jan. 20, 2024).

⁶⁴ (2006) 8 SCC 1.

⁶⁵ *Supra* note 3.

Religion

Legal Push for Free Access to Gurbani Broadcasts

The Sikh Gurdwaras (Amendment) Bill, 2023, passed by the Punjab Assembly on 20 June 2023, introduced a significant amendment to the Sikh Gurdwaras Act, 1925.⁶⁶ The amendment added Section 125A, which mandates the free, uninterrupted live broadcast of Gurbani from the Harmandir Sahib (Golden Temple) to all media platforms without advertisements or distortion.

The bill was framed against the backdrop of growing controversy around the exclusive telecast rights of Gurbani, which have long been held by PTC News, a channel owned by the Badal family. The Shiromani Gurdwara Parbandhak Committee (SGPC), the statutory body managing Sikh gurdwaras in Punjab and some other states, had continued to contract PTC for live broadcast rights, leading to criticism of the monetisation and lack of public access.⁶⁷

The government justified the amendment as a move to democratise spiritual content, arguing that access to Gurbani should be universal and free of commercial interests. Sub-section (1) of the new provision explicitly requires the SGPC to make the live feed of Gurbani from the Harmandir Sahib available free-of-cost to all platforms, in audio or video formats. Sub-section (2) prohibits any broadcaster from showing advertisements 30 minutes before or after the Gurbani telecast.

The SGPC, however, termed the move as unconstitutional interference in religious affairs, arguing that the management of gurdwaras is protected under the Sikh Gurdwaras Act, 1925 and that the state has no jurisdiction over its internal functioning, especially in spiritual matters.

The bill has been reserved by the Governor for the President's consideration under Article 200, and as of early 2024, no assent has been granted. The development has triggered intense debate on the permissible limits of state regulation in matters of religion, with many

⁶⁶ The Sikh Gurdwaras (Amendment) Bill, 2023 (Bill No. 12-PLA-2023), available at: [https://punjabassembly.nic.in/images/docs/BILL%20NO.12-PLA-2023,THE%20SIKH%20GURDWARAS\(AMENDMENT\)BILL,2023.pdf](https://punjabassembly.nic.in/images/docs/BILL%20NO.12-PLA-2023,THE%20SIKH%20GURDWARAS(AMENDMENT)BILL,2023.pdf) (last visited Jan. 20, 2024).

⁶⁷ Kusum Arora, "Explained: The Controversy Around a Bill to Amend the Sikh Gurdwaras Act" *The Wire*, June 30, 2023, available at: <https://thewire.in/government/explained-controversy-bill-amend-sikh-gurdwaras-act> (last visited Jan. 20, 2024).

drawing parallels with earlier constitutional jurisprudence on Article 25 and 26 rights of religious denominations.⁶⁸

Conclusion

In 2023, the legislative priorities of the Punjab Legislative Assembly were dominated by the state's fiscal constraints. Much of the legislative output focused on revenue mobilisation, rationalising expenditure, and modernising fiscal governance. However, the year also witnessed a constitutional deadlock between the elected government and the Governor over the granting of assent to bills, culminating in judicial intervention by the Supreme Court in *State of Punjab v. Principal Secretary to the Governor of Punjab*. The Court affirmed that the Governor, as a constitutional authority, cannot withhold assent indefinitely and must act in accordance with constitutional mandates.

In 2023, the Governor reserved three bills for the President - including legislation relating to the appointment of university chancellors, the free telecast of Gurbani, and police administration—each of which falls squarely within the State List under the Seventh Schedule of the Constitution. Specifically, Entries 1, 2, and 11 of the State List assign exclusive legislative competence to states over matters of public order, police, and education, respectively. The Centre has no original legislative jurisdiction over these domains unless acting under exceptional provisions such as Articles 249 or 356.⁶⁹

The discretionary and opaque reservation of such bills undermines the legislative autonomy of elected state governments and weakens the federal balance envisaged by the Constitution. Without clearer constitutional norms or statutory guardrails governing the use of Article 200, this practice risks being used to obstruct the democratic will of the legislature.

The developments in Punjab during 2023 offer a strong case for reform, both to strengthen the clarity of federal legislative competence and to limit the potential misuse of gubernatorial discretion in the law-making process.

⁶⁸ Gurpreet Singh Nibber, "Punjab assembly passes bill to amend Sikh Gurdwaras Act for free telecast of Gurbani" *Hindustan Times*, June 20, 2023, available at: <https://www.hindustantimes.com/cities/chandigarh-news/punjab-assembly-passes-bill-to-amend-sikh-gurdwaras-act-for-free-telecast-of-gurbani-101687283078285.html> (last visited Jan. 20, 2024).

⁶⁹ Constitution of India, 1950, Article 246(3). The Parliament can enact laws on matters in the State List only in exceptional situations listed under the Constitution.