

CHHATTISGARH MONEY-LENDERS ACT, 1934

THE MADHYA PRADESH MONEY-LENDERS ACT, 1934 No. 13 of 1934 TABLE OF CONTENTS
Preamble Sections I. Short title, extent and commencement

2. Definitions. 2-A. Money-lender to deliver voucher to the debtor 3. 4. 5. 6. 8. 9. 10. containing description of loan etc. Maintenance of accounts by money-lender and supply of statements thereof to debtors. Evidential value of copies of accounts. Debtors not bound to of accounts supplied. Receipt for repayment Procedure of court in Savings. Power of court to limit certain cases. admit correctness of loan. suits regarding loans. interest recoverable in Power of court to limit interest to the extent of principal of loan. Power to direct payment of decretal amount by instalments. I I-A. Register of money-lenders. I I-B. Registration of money-lenders and registration certificate. I I -'BB. Transfer of old record by Sub-Registrar to Tahsildar. 11-C. Registration fee. I I-D. District in which business is to be carried on. 11-E. (omitted) I I-F. Bar to carry on business without registration certificate. I I-FF. Penalty for contravention of provisions of section 2-A and section 3(1) (C) of the Act. I I-G. Composition of offences. I I -H. Suit not to proceed without registration certificate, etc. 1 I-I. Continuance in force of registration certificates. I I-J. Interpretation of district

12. Power to make rules

13. Inapplicability of Act to proprietors. 14 Inapplicability of Act to certain Corporations. 115 115 117 118 118 118 '219 119 119 120 120 120 20 120 120 121 121 121 121 1 21 122 122 123 THE MADHYA PRADESH MONEY-LENDERS ACT, 1934 (No. 13 of An Act to regulate the transactions of money-lending in [Madhya Pradesh]2 Preamble. is expedient to make better provision for Whereas it the regulation and control of the transactions of money-lending; And whereas the previous sanction of the Governor - General, required under sub-section (3) of section 80-A of the Government of India Act, has been obtained to the passing of this Act ; It is hereby enacted as follows : (1) This Act may be called the [Madhya Pradesh]3 Money- 1. lenders Act 1934. (2) [It extends to and Shall be in force in the whole Madhya Pradesh. Y 2. In this Act, unless there is anything repugnant in the subject or context— "bank" means company carrying on the business of banking and registered under any of the enactments relating to companies for the time being in force in the United Kingdom or in any of the Colonies or Dependencies thereof, or in [a part A State or a Part C State or incorporated by an Act of Parliament [of the United Kingdom]6 or by Royal Charter or Letters Patent or by any [Central Act]' ; (ii) "company" means a company registered under any of relating to companies for the time being in force in the United Kingdom or any of the Colonies or Dependencies thereof, or in [a Part A State or a Part C State]5, or incorporated by an act or Parliament [of the United Kingdom {7 or by Royal Charter or Letters Patent and includes Life Assurance Companies to which the Indian Life Assurance Companies Act, 1912 [VI of 1912]18, applies; "co-operative society" means a society registered under the Co-operative Societies Act, 1912, [11 of 1912]9; Short title, extent and commencement. Definitions. 2 3. 4. 5. 6. 7. 8

9. For bidtment of Objects and Reasons and Report of Select Committee, see Provinces Gazette, dated the 12th January, 1934 !934, Parl li.3 to 6 and pages 188 to 194, respectively. see Central Provi:we:; Legislative Council Proceedings, dated the 13th 1934, 23rd January, 1934 and 22nd August, 1934, 15, i 50 to o? Vol. VI of and pages 512 to 535 of vol. of 1934, Subs. by A. O. 1950, P, and Be-ar". subs. by M. P. Act 23 of 1958, S. 3 sch. Part A. item 29 for "C. P. and Subs. by S. 3 (3), ibid, for "Sub-sections (2) and (3) ' Subs. by A. O. 1950, for 'British India'". Ias. ibid. Subs, ibid, for "'Act of the Central Legislature". See now the Insurance Act, 1938 0 V of 1938). See now the Co-operative Societies Act, 1960 (17 of 1960) 116 THE MADHYA PRADESH MONEY-LENDERS ACT, 1934 court" includes a court acting in the exercise of insolvency jurisdiction ; (v) "money-lender" means a person who, in the regular course of business, advances a loan as defined in this Act and shall include, subject to the provisions of section 3, the legal representatives and the successors in interest whether by inheritance, assignment or otherwise of the person who advanced the loan [and. money-lending shall be construed accordingly] I ; 'interest" includes the return to be made over and above what was actually lent whether the same. is charged or sought to be recovered specifically by way of interest or otherwise, whether or not such interest is capitalized within twelve years from the date of the last transaction]2; "loan" [means an

actual advance made within twelve years from the date of the last transaction] whether of money or in kind at interest and shall include any transaction, which the court finds to be in substance a loan, but it shall not include— (a) (b) (c) (d) (e) (g) (viii) this Act, a deposit of money or other property in a Government post office, bank or any other bank or in a company or with a co-operative society, a loan to or by or a deposit with any society, or association registered under the Societies Registration Act, 1860, (XXI of 1860) or under any other enactment, a loan advanced by [any Government] or by any local authority authorized by [any Government], a loan advanced by a bank, a co-operative society or a company whose accounts are subject to audit by a certificated auditor under the Companies Act, 1913 (VII of 1913), an advance made on the basis of a negotiable instrument, as defined in the Negotiable Instruments Act, 1881 (XXVI of 1881), other than a promissory note, a transaction which is a charge created by operation of law on, or is in substance a sale of, immovable property.] a loan advanced to an agricultural labourer by his employer : prescribed" means prescribed by rules made under "Sub-Divisional Officer" means the Sub-Divisional [(viii-a) officer within the meaning of section 22 of the Madhya Pradesh Land Revenue code, 1959 (No. 20 of 1959) Ins. by C. P. and Berar Act 14 of 1940, S. 2. (i). Subs. by C. P. and Berar Act 18 of 1939, S

2. Subs. by S. 2 (ii), *ibid.* for "means an advance". 3

4. Subs. by A.O. 1937, for "Government". 5. :subs. by C. P. and Act THE MADHYA PRADESH MONEY-LENDERS ACT, 1934 117 (ix) 'Tahsildar' means a Tahsildar appointed under sub-section (1) of section 19 of the Madhya Pradesh Land Revenue code, 1959 (No. 20 of 1959) 2 2-A. (1) Every money-lender shall, on advancing a loan to a debtor forthwith deliver to the debtor a voucher under his signature evidencing the transaction of loan. (2) Such voucher shall contain,— (a) (b) (c) (d) (e) amount or, as the case may be, the quantity of loan advanced ; sufficient description of movable or immovable property pledged or mortgaged, as the case may be, so as to enable identification of property; the rate of interest chargeable on the loan advanced; where movable property is being pledged, acknowledgement of the delivery of such movable property by the debtor and receipt thereof by the money-lender; and such other particulars as may be prescribed. (3) The money-lender shall also forward a copy of the voucher delivered to the debtor under-section (1) to the [Sub-Divisional Officer] concerned within such time as may be prescribed. (1) Every money-lender shall— 3. Money-lender to deliver voucher to the debtor containing description of loan. etc. Maintenance of accounts by money-lender and supply of statements thereof to debtors (a) (b) 41 (c) regularly maintain an account for each debtor separately of all transactions in respect of any loan advanced to that debtor; furnish such debtor every year with a legible statement of accounts signed by the money-lender or his agent or any balance of amount that may be outstanding against such debtor on such date and in such areas as may be prescribed. Such statement of accounts shall include all transactions in respect of the loan entered into during the year to which the statement relates and shall be furnished, in the court language of the district in which the debtor resides, and in such manner, in such form, containing such details and on such date as may be prescribed. furnish to the [Sub-Divisional Officer] concerned a copy of every statement of account furnished to a debtor under clause (b).] 2. 3

4. Subs. by M. P. Act 43 of 1984, S

2. Ins. by M. P. Act 30 of 1982, S

3. Subs. by M. P. Act 43 of 1984, S. 3. for , , "Registrar". Ins. by M. P. Act 30 of 1982, S. 4. 118 THE MADHYA PRADESH MONEY-LENDERS ACT, 1934 (2) The account required under clause (a) of sub-section (1) shall be so maintained that items due by way of interest shall be shown as separate and distinct from the principal sum and separate, totals of principal and interest shall be shown. The money-lender shall not, in the absence of agreement, include the interest or any portion of it in the principal sum, and the principal and interest shall be separately shown in the opening balance of each new annual account: Provided that (ii) if the loan be as, since it was originally advanced, passed by inheritance or assignment to a widow or a minor, such widow or minor shall not be bound to maintain and furnish the account under sub-section (1) for a period of two years from the date of such passing; nothing in this section shall be deemed to lay upon any person the duty of maintaining and furnishing the account under sub-section (1) in the case of a loan wherein the title to recover is sub-judice between two or more persons claiming as money-lenders adversely to each other unless and until the title has been finally decided by a court of competent jurisdiction. Evidential value of copies of accounts. Debtors not bound to admit correctness of accounts

supplied. Receipt for repayment of Procedure of court in suits regarding 4. Copies of entries in the account required to be maintained under Clause (a) of sub-section (i) of section 3, when certified in such manner as may be prescribed, shall be admissible in evidence for any purpose in the same manner and to the same extent as the original entries

5. A debtor to whom a statement of accounts has been furnished under clause (b) of sub-section (i) of section 3 shall not be bound to acknowledge or deny its correctness and his failure to protest shall not by itself be deemed to be an admission of the correctness of the account

6. Every money-lender, who receives repayment from his debtor on account of any loan advanced to him, shall forthwith give a receipt therefor

7. Notwithstanding anything contained in any other enactment for the time being in force, in any suit or proceeding relating to a loan—(a) the court shall, before deciding the claim on the merits, frame and decide the issue whether the money-lender has complied with the provisions of clauses (a) and (b) of sub-section (i) of section 3; if the court finds that the provisions of clause (a) of sub-section (i) of section 3 have not been complied with by the money-lender, it shall, if the plaintiff's claim is established in whole or in part, disallow the whole or any portion of the interest found due, as may seem reasonable to it in the circumstances of the case, and may costs;— and 119 (c) THE MADHYA PRADESH MONEY-LENDERS ACT, 1934 if the court finds that the provisions of clause (b) of sub-section (i) of section 3 have not been complied with by the money-lender, it shall, in computing the amount of interest due upon the loan, exclude every period for which the moneylender omitted duly to furnish the account as required by that clause; Provided that if the money-lender has, after the time prescribed in that clause, furnished the account and the plaintiff satisfies the court that he had sufficient cause for not furnishing it earlier; the court may, notwithstanding such omission, include any such period or periods for the purpose of computing the interest. Explanation.—A money-lender who has maintained his account and furnished his annual statement of accounts in the prescribed form and manner shall be held to have complied with the provisions of clauses (a) and (b) of sub-section (i) of section 3 in spite of any errors and omissions, if the court finds that such errors and omissions are accidental and not material and that the accounts have been kept in good-faith with the intention of complying with the provisions of those clauses

8. The provisions of sections 3, 4, 5, 6 and 7 shall not apply to any loan made before this Act comes into force. Provided that, if any fresh transaction in respect of a loan made before this Act comes into force is made after this Act comes into force, such transaction shall be subject to the provisions of those sections

9. Notwithstanding anything contained in any other enactment for the time being in force, no court [original or appellate] shall decree, in respect of any loan made before this Act comes into force, on account of arrears of interest, a sum greater than the principal of such loan. No court shall, in respect of any loan made after this Act comes into force, decree on account of arrears of interest a sum greater than the principal of the loan

11. The court may, at any time on the application of a judgment-debtor, after notice to the decree holder, direct that the amount of any decree passed against him, whether before or after this Act comes into force, in respect of a loan shall be paid in such number of instalments and subject to such conditions on the dates fixed by it as, having regard to the circumstances of the Judgment debtor and the amount of the decree, it considers fit. [During the pendency of an inquiry under this section, the court may order the stay of execution of the decree, subject to such conditions as it may impose. Such order shall be deemed to have been passed under section 47 of the Code of Civil Procedure, 1908 (V of 1908) 13 the money-lender had grounds not entitling claim earlier" omitted by C. P. Act of 1939 S. 3

3. Savings, Power of court to limit interest recoverable in certain cases. Power of court to limit interest to the extent of principal of loan. Power to direct payment of decretal amount by instalments. 120 THB MADHYA PRADESH MONEY-LENDERS ACT, 1934 Register of money-lenders. 1 [11-A,] (1) Every tahsildar shall maintain a register of money lenders in such form as may be prescribed (2) Such register shall be deemed to be a public document within the meaning of the Indian Evidence Act, 1872 (I of 1872), * 13 I I-B.C (1) Every person who carries on or intends to carry on Registration of money-lenders and registration certificate. Transfer of old record by Sub-Registrar to Tahsil- Registration fee. the

business of money lending shall get himself registered by an application made to the Tahsildar of the tahsil of the district or any one of the districts in which he carries on or intends to carry on such business and, on such registration the Tahsildar shall grant a registration certificate to him in such form as may be prescribed. Provided that no person being a firm or partner of a firm of money-lenders shall be so registered except upon production before the Tahsildar of a certified copy of an entry showing such person as the firm or partner, as the case may be, made in the Register of Firms under section 59 of the Indian Partnership Act, 1932 (No. 2). The application made under sub-section (1) shall be in writing and shall specify the district or districts in which the applicant carries on or intends to carry on the business of money-lending and such other particulars as may be prescribed. [1 I-BB. All the record held by Sub-Registrar prior to 29th September, 1984 shall stand transferred to the Tahsildar.] The person who makes an application under section 1 I-B shall pay in the prescribed manner a registration fee at the rate of fifty rupees per annum in respect of each district in which he carries on or intends to carry on the business of money-lending : Provided that the State Government may, by notification, exempt any class of persons from the payment of the registration fee either generally or for any specified area.] 7 (2) A registration certificate may, at the request of the applicant therefor, be granted for a period of one year or two years]. District in which business is carried on. 1 I-D. The registration certificate granted under section 1 I-B is to be carried on. shall not entitle the holder thereof to carry on the business of money-lending in any district other than the district or districts for which such certificate has been granted. 1.8 2. 3. 4. 5. 6. 7

8. Subs. by C. P. and Berar Act, 14 of 1940, S

3. Subs. by M. P. Act 43 of 1984, S

5. Words "or the same Act as applied to Berar" omitted by M.P. Act 23 of 1958, S. 3. (3) sch. Part A, item 29. Subs by M. P. Act 43 of 1984, S

6. Subs. by S. 7, ibid. subs. by C. P. and Berar Act 9 of 1949, S. 2, Subs. by M. P. Act 43 of 1984, S

8. Omitted by C.P. and Berar Act, 9 of 1949. S. 3. THE MADHYA PRADESH MONEY-LENDERS ACT, 1934 121 11-F. (1) No person shall lending in any district unless certificate in respect of that [(2) Whoever contravenes (1) shall be punishable with hundred rupees or if he has offence under that sub-section, five hundred rupees..] carry on the business of money-lending unless he holds a valid district. the provisions of sub-section fine which may extend to two previously been convicted of an offence with fine which may extend to [1 I-FF. Whoever contravenes the provisions of section 2-A or clause (C) of sub-section (I) of section 3 shall be punishable with fine which may extend to two hundred rupees, or if he has previously been convicted of an offence under section 2-A or clause (C) of sub-section (I) of section 3, as the case may be, with fine which may extend to five hundred rupees.]. 1 I-G. [The Sub-Divisional Officer] 4 may accept from any person who has committed an offence against sub-section (1) of section 1 I-F or section 1 I-FF a sum of money not exceeding five hundred rupees by way of compensation for such offence.] (2) On payment of such sum of money, no further proceedings shall be taken against such person in respect of such offence, and if in custody he shall be discharged. 1 I-H. No suit nor the recovery of a loan advanced by a money-lender shall proceed in a civil court until the court is satisfied that he holds a valid registration certificate or that he is not required to have a registration certificate by reason of the fact that he does not carry on the business of money-lending in any of the district of [Madhya Pradesh] Provided that this section shall not apply to a suit instituted before the 1st October, 1940. 1 I-I. Notwithstanding the expiry of the Central Provinces Money-lenders (Amendment) Act, 1936, (XIII of 1936), any registration certificate granted thereunder by a Sub-Registrar of a sub-district shall be deemed to have been granted in respect of the district in which the sub-district is situated and shall continue to be in force for the period for which it was granted. 1 I-J. For the purposes of sub-section (2) of section 1 I-B and 11-C, 1 I-I, 1 I-F and 11-I the term "district" have the meaning assigned to it in the Central Provinces Land Revenue Act, 1917 - (1 of 1917) 6 [Bar to carry on without certificate. Penalty for contravention of section 2-A and section 3 (1) (c) of the Act. Composition of offence. Suit not to proceed without registration certificate, etc. Continuation in force of registration certificates. Interpretation of district. 3. 5. 6. 7. subs, by M. P. Act 40 of 1965, S

3. Ins. by M. P. Act 30 of 1982, S. 5. subs. by M. P. Act 30 of S

6. Subs. by M. P. Act 43 of 1984. -S. 9. for 'Tiw Collector or the Sub. The meaning of section 22 of the Madhya Pradesh Divisional Officer within Pradesh Revenue Code, 1959 (ND. 20 of Subs by M. P. Act 23 Of

1958, for ' region" 959 (20 1959) . Now see M. P. Land Revenue Code, Words "or the Berar Land Revenue Code 192B", emitted by M. P. Act 23 of 1958, S 3 (3), sch. Part A, item 29. 122 THE MADHYA PRADESH MONEY-LENDERS ACT, Pover to make rules. 12. (1) All rules for which provision is made in this Act shall be made by the State Govern*nt and shall be consistent with this Act. (2) All rules shall be subject to the condition of previous publication. (3) In particular and without prejudice to the generality of ; the foregoing power, the State Government may make rules precri bing— the other particulars to be stated in the , voucher under clause (e) of sub-section (2) of section (ii) the time within which a copy of the voucher shali be forwarded to the [Sub-Divisional Officer] * under sub-section (3) of section 2-A the manner and form Mith numerals in which statement of accounts shall be furnished and the details to be given in such statement under clause (b) of sub-secction (l) of section 3; (b) the manner in which copies of entries in the account shall be certified under section 4; 4[(c) the form under section I I-A; (d) thc form of registration cc.rtificate under sub-section (l) of section 11-B; (e) the particulars of an application under sub-section (2) of section I I-B ; [(f) the manner in which •the Registration fee payable under section I I-C shall be paid; (ff) the manner in which refimd shall be made; andlS (g) the grant of copies of registration certificates]

6113. This Act shall not apply to a proprietor who advances Inapplicability of Act to grain or money exclusively to any of his tenants for seed, land proprietors, imprtovement or agricultural operations.Explanation.—For the purpose of this section the word "imßrovement" shall have the meaning assigned to it in the Improvement Loans Act, 1883 (IX of 1883). 3. 4 6

7. Ins bv M.P. Act 30 ot 1982, S. 7. subs. by M. P. Act 43 of 1984, S. 10, for "Registrar". Renumbered by M. P. Act 30 of 1982, S

7. Ins.by C. P. and Berar Act 14 of 1940, S

4. Subs.by C. P. and 5 Berar Act 9 of 1949, S

4. Ins.by C. P. and Berar Act 37 of 1939, S

2. Words ' and the same Act asapplid to Berar" omitted by M.Act 23 of 1958, S. 3 (3), Sch Pa,t A, item 29. 114-009/2003/20-1-03. " qqz/38 Q. 30-5-2001." . 30 25 2006—qrq 5, 1927 25 2006 19-1-2006 59 60 11 (71) 2. (1) (2) (i) (2) 25 2006 7 2006) 2005 (7 q7.1934) (#043) 3-ifüfrzrq, nos t. 11 (q) (I) •ä, " 50 GQ" " 1 OOC ' 11 (71) (2) Ä, 25 348 (3) 34f&F7, 2005 (T. 7 2006) V, 25 2006 CHHATTISGARH ACT (No. 7 of 2006) THE CHHATTISGARH MONEY LENDmG (AMENDMENT) ACT, 2005 An Act to amend the ChhattWh Money Lenders Act, 1934 (No. 13 of 1934). Be it enacted by the Chhattisgarh Legislature in the fifty sixth year of the republic of India as follows : 2. (D (2) This Act may be called the Chhatlisgarh Money Lenders (Amendment) Act, 2005. It shall come into force from the date of its publication in the Official Gazette. in sub-section (l) of Section El-C of the Principal Act,— For the figure and word "50 Rupees" the figure and word " 1 000 Rupees" shall be spbstituted. In sub-section (2) of Section I I-C öf the Principal Act,— For the words "one year or twon the word."five" shall. be substituted. Short title, extent and Commencement. Amendment Of See- tion 11-C. (t7i fÄZ) 30-5-2001. 2011—tm 37, 1932 129/4/21-37Æ.Æ. 31-12-2010 7 8 721* 7 2011 () 2010 3*fUfizrq, 1934 13 1934) 3-1füfi-z:rq. (1) (2) 2. 2010 1934 13 1934) (2) 6 2011 129/4/21 -3-ww.,rø. 348 (3) (#iTEF) 2010 02) CHHATTISGARH ACT (No. 2 or 201 1) THE CHHATTISGARH MONEY LENDERS (AMENDMEN'T) ACT, 2010 An Act further to arnend the Chhattisgarh Money I,enders Act, 1934 (NO. 13 ur Be it enacted by Ehe Chhattisgarh Legislature in lhe Sixty tif.st year of the Republic of India as follows . Commencement. Amendment Settiøn l. (2) 'lhis Act may be called the Chhattisgarh Money Lenders (Amendment) Act, It shall come into fk)rce fr.otn the ot' its publication in the Official Gazette. of 2. For sub-section (2) of Section I of the Chhattisgarh Money Lenders Act, 1934 (No.] 3 ot' 1934), the following sub-section shall be substituted, namely • 11 extends to the whole of Chhauisgarh except referred Scheduled Areas." WiFfiTä—2C11.