



The Nagaland Money Lenders Act, 2005

Act 6 of 2005

Keyword(s):

Debtor, Interest, Loan, Money Lender, Mundy Merchant, Pawnbroker, Pawner, Pledge

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THE NAGALAND MONEY LENDERS ACT, 2005

(Act. No. 6 of 2005)

Received the assent of the Governor on 28.9. 2005 and published in the Nagaland Gazettee extra-ordinary dated 05.11. 2005

An

Act

to regulate and control the bussiness of money lending in the state of Nagaland.

Be it enacted in the fifty-sixth year of the Republic of India as follows:

1. SHORT TITLE, EXTEND AND COMMENCEMENT :

- (i) This Act may be called the Nagaland Money Lenders Act, 2005.
- (ii) It extends to the whole of the State of Nagaland.
- (iii) It shall come into force on such date as the State Government may, by notification in the Official Gazette, appoint.

2. DEFINITIONS:- In this Act, unless the context otherwise requires,-

- (1) 'bank' means a banking company as defined in clause (c) of section 5 of the Banking Companies Act, 1949 (Central Act 10 of 1949);
- (2) 'company' means any company as defined in section 3 of the Companies Act, 1956 (Central Act 1 of 1956);
- (3) "Co-operative Society" means a society registered or deemed to be registered under the Assam Co-operative Societies Act, 1949 (Assam Act. No. 1 of 1950);

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- (4) 'court' includes a Court acting in the exercise of insolvency jurisdiction;
- (5) 'debtor'; means a person to whom a loan is advanced and includes a successor-in interest or surety.
- (6) "Government" means the State Government;
- (7) 'interest' includes any amount, by whatever name called, paid or payable to a lender in consideration of, or otherwise in respect of, a loan in excess of the principal, but does not include any sum lawfully charged by a lender in accordance with the provisions of this or any other Act for the time being in force or on account of costs, charges or expenses;
- (8) 'licence' means a money lender's licence granted under this Act and 'licensed' shall be construed accordingly;
- (9) 'loan' means an advance whether of money or articles, goods or materials made on consideration for interest, and includes any transaction which the Court finds in substance to amount to, such an advance, but does not include -
 - (i) a deposit of money or other property in a bank, Post Office Saving Bank, or Company;
 - (ii) an advance made by a bank, or Company;
 - (iii) an advance made by the Government or by any person authorized by the Government to make advance in their behalf or by any local authority;
 - (iv) an advance made by any person bonafide carrying on any business not having for its primary object the lending of money, if such loan is advanced in the regular course of such business; and

- (v) an advance made by a landlord to his tenant, by a lessor to his lessee, by one partner or co-sharer in cultivation to another for the purpose of carrying on agriculture.
10. 'money lender' means a person whose business is that of advancing and realizing loans and shall include a mundy merchant and a pawnbroker, but does not include a Bank, or Company and the expression 'money lending' shall be construed accordingly;
11. 'mundy merchant' means a person who advances money on the security of any standing crop or produce;
12. 'pawnbroker' means a person who carries on the business of taking goods and cattle in pawn for a loan given by him;
13. 'pawner' means a person delivering an article for pawn to a pawnbroker.
14. 'pledge' means an article pawned with a pawnbroker;
15. 'prescribed' means prescribed by rules made under this Act;
16. 'principal' in relation to a loan means the amount actually lent to the debtor;
17. 'year' means the financial year.

3. MONEY-LENDER TO OBTAIN LICENCE ANNUALLY

No person shall, on or after the date on which the provisions of this Act come into force, carry on business of money lending at any place in the State, unless he has obtained a money lender's licence under this Act.

4. GRANT AND REFUSAL OF LICENCES :

- (1) (a) every application for a money-lender's licence shall be in writing and shall be made to the prescribed licensing authority;
 - (b) every such application shall be accompanied by such fee, as the State Government may, from time to time prescribe;
 - (c) the fee payable under this sub-section shall be paid through Treasury Challan under the appropriate Head of Account;
 - (d) where the licence applied for is refused, the fee paid under this sub-section shall be refunded in full and where the application for the licence is withdrawn by the applicant before the licence is actually granted the fee paid less ten percent thereof shall be refunded.
- (2) Every licence shall be granted in such form and subject to such conditions as may be prescribed;
 - (3) the licensing authority may, by order in writing, refuse to grant a licence if such authority is satisfied-
 - (a) that the applicant has not complied with the provisions of this Act or the rules made thereunder in respect of an application for grant of a licence;
 - (b) that the applicant has knowingly acted in contravention of any other Act or rule for the time being in force; or
 - (c) that the applicant has-
 - (i) knowingly participated in, or connived at, any fraud or dishonesty in the conduct of, or in connection with, the business of money lending, or

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- (ii) been found guilty of any offence under Chapter XVII or Chapter XVIII of the Indian Penal Code (Central Act 45 of 1860);

Provided that before passing an order refusing a licence on any of the grounds specified above other than the ground specified in sub-clause (ii) of Clause (c), the applicant shall be given a reasonable opportunity of being heard.

4. The licensing authority shall, in the grant or refusal of a licence, be subjected to the control and direction of the Government.
5. Any person aggrieved by an order of the licensing authority under sub-section (3) may, within one month from the date of communication of such order to him, appeal to the prescribed Authority.
6. Every licence granted under this Act shall subject to the provision of sub-section(7) expire on the last day of the year for which it was granted.
7. A licence granted under sub-section (2) may be renewed from year to year and the provisions of sub-section(1) to (6) shall apply in relation to the renewal of a licence as they apply in relation to the grant of a new licence.

5. CHANGE OF PLACE OF BUSINESS BY MONEY LENDER

No money lender shall change his place of business without previous notice to the licensing Authority and without getting the address of the new place of business duly endorsed on his licence.

6. MONEY LENDERS TO EXHIBIT THEIR NAMES OVER SHOPS :

- (1) Every money lender shall always display in large characters over the outer door of his shop or place of business his name with the word "money lender".
- (2) Every money lender shall always display over the outer door of his shop or place of business a board specifying the name of the debt collector, if any, employed under section 11, the days of the week and the hours during which the shop or place shall be kept open for business and shall be bound to keep the shop or place of business open during the said days and hours for the transaction of business.

7. INTEREST AND CHARGES ALLOWED TO MONEY LENDER :

- (1) No money lender shall charge interest on any loan advanced whether on a pledge or otherwise at a rate exceeding more than 3 (three) percent above the prevailing average Bank rates of interest on loans advanced by it.
- (2) The rate of interest shall be per annum simple interest on the principal amount of the loan.
- (3) The month or year used for the calculation of interest shall be a month or year of the Gregorian calendar.
- (4) A money lender may demand or take from the debtor such other charges as may be prescribed.

- (5) A money lender shall not demand or take from the debtor any interest in excess of that payable under sub-section (1) or any charge, in excess of that prescribed under sub-section (4).
- (6) The rate of interest to be charged under sub-section (1) and (2) shall be notified by the State Government each year at the beginning of the year.

8. PAWN-TICKET TO BE GIVEN TO PAWNER :

Every pawnbroker shall, on taking pledge in pawn, give to the pawner a ticket in the prescribed form, and no pawnbroker shall take a pledge, in pawn unless the pawner takes the pawn-ticket.

9. CONDITIONS RELATING TO REDEMPTION OF PLEDGE :

- (1) In the absence of a decree or order of a Civil Court or of an order of a Magistrate or an officer of Police not below the rank of Sub-Inspector prohibiting the delivery of the pledge by the pawnbroker to the pawner, the pawner shall, on production of the pawn-ticket, and on payment of the sum legally payable in respect thereof, be entitled to the delivery of the pledge.
- (2) On a declaration being made in the prescribed form by the pawner (hereafter in this sub-section referred to as the transferer) that the right to redeem the pledge has been transferred to, or is vested in some other person (hereafter in this section referred to as the transferee) and on a declaration being made by the transferee that he is in

possession of the pawn-ticket and that he is entitled to redeem the pledge, the pawnbroker shall cause an endorsement to be made on the pawn-ticket and in the pawn book to that effect and thereupon the transferor's right to redeem the pledge shall be extinguished and the transferee shall be deemed to be the pawner for the purposes of this section.

- (3) Where a person claiming to be the messenger or agent of the pawner produces the pawn-ticket and offers to redeem the pledge, the pawnbroker may, after obtaining from the person so claiming, a declaration in the prescribed form, allow redemption if the pawnbroker is satisfied that the person who claims to be such messenger or agent is in fact such messenger or agent.
- (4) Where a person producing a pawn-ticket claims to be the messenger or agent of the pawner and offers to redeem the pledge, the pawnbroker may send a notice in the prescribed form by registered post to the pawner to the address given by the pawner to the pawnbroker, and if the pawnbroker does not hear to the contrary from the pawner, within two weeks after the date on which the notice would in the usual course of post reach the pawner, the pawnbroker may, after the expiry of the said two weeks and after obtaining from the person claiming to be such messenger or agent, a declaration in the prescribed form allow the person so claiming to redeem the pledge and shall, in that event, be exonerated from further liability to the pawner, but without prejudice to any rights in respect of that pledge, which the pawner may be entitled by due

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process of law to enforce against the person who was allowed by the pawnbroker to redeem the pledge.

- (5) (a) Where the pawner is dead and a person who produces the pawn-ticket claims to be the legal representative of the pawner and offers to redeem the pledge, the pawnbroker may, after obtaining from such person a declaration in the prescribed form and after sending a notice to every other person who claims to be entitled to redeem the pledge, permit such redemption if the pawnbroker is satisfied that such person is in fact the nearest legal representative of the pawner.

Provided that the pawnbroker may decline to permit redemption of the pledge by such person unless it is declared by a competent Court that such person is entitled to redeem the pledge.

- (a) without declaration of a competent Court, he shall not be exonerated from liability to the nearest legal representative of the deceased pawner, if such legal representative be a person other than a person who was permitted by the pawnbroker to redeem.
- (6) (a) Where the pawner alleges that the pawn-ticket has been lost or destroyed and claims redemption of the pledge, the pawnbroker shall, after obtaining from the pawner a declaration in the prescribed form, allow such redemption :

provided that if any other person who is in possession of the pawn-ticket and who is entitled to redeem the pledge objects to the redemption of the pledge by the pawner and

claims the right of redemption, the pawnbroker may decline to permit redemption of the pledge by the pawner or such person unless it is declared by a competent Court that the pawner or such person is entitled to redeem the pledge.

- (b) Before allowing redemption under clause (a) the pawnbroker may insist on indemnity being given by the pawner against a claim by any other person.
- (7) (a) Where a person claims to be the owner of a pledge and alleges that it was pawned without his knowledge or authority, the pawnbroker shall take a declaration from such person in the prescribed form and send a notice in the prescribed form by registered post to the pawner at the address given to the pawnbroker by the pawner and similarly to every other claimant, if any, and if the pawnbroker does not receive any communication in writing from the pawner or any other claimant objecting to the delivery of the pledge to the alleged owner within two weeks from the date on which the letter would in the usual course of post reach the addressee, the pawnbroker may allow the alleged owner to redeem the pledge and pawnbroker is thereafter exonerated from further liability to the pawner or any other claimant but without prejudice to any rights in respect of that pledge to which the pawner or any other claimant may be entitled by due process of law to enforce against the alleged owner who was allowed by the pawnbroker to redeem the pledge.
- (b) If, on receiving notice, the pawner or any other claimant objects to the delivery of the pledge to the alleged owner, the pawnbroker may decline to permit redemption of the

pledge by the alleged owner unless it is declared by a competent Court that the alleged owner is entitled to redeem the pledge.

10. MONEY LENDER AND PAWNBROKER TO KEEP BOOKS, GIVE RECEIPT ETC.:

- (1) Every money lender and pawnbroker shall-
 - (a) regularly record and maintain or cause to be recorded and maintained, an account showing for each debtor separately-
 - (i) the date of the loan, the amount of the principal of the loan and rate of interest charged on the loan;
 - (ii) the amount of every payment received by the money-lender in respect of the loan, and the date of such payment;
 - (iii) if articles are taken in pawn-
 - (1) a full and detailed description of the article or of each of the articles taken in pawn; and
 - (2) the time agreed upon for the redemption of the pawn; and
 - (3) the name and address of the pawner and where the pawner is not the owner of the article or of any of the articles pawned, the name and address of the owner thereof;
 - (b) keep and use in his business, if he is a pawn-broker, the following documents and books in the prescribed form and enter therein, from time to time, as occasion requires, in a fair and legible manner, such particulars and in accordance with such directions, as may be prescribed-

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- (i) pawn-ticket;
 - (ii) sale book of pledge;
 - (iii) declaration under section 9; and
 - (iv) receipt on redemption of pledge;
- (c) give to the debtor or his agent a receipt for every amount paid by him, duly signed and if necessary, stamped at the time of such payment;
- (d) on requisition in writing made by the debtor furnish to him or, if he so requires, to any person mentioned by him in that behalf in his requisition, a statement of account signed by himself or his agent, showing the particulars referred to in clause (a) and also the amount which remains outstanding on account of the principal and of interest, and charge such sum as the Government may prescribe as fee therefor; Provided that no such statement shall be required to be furnished to a debtor if he is supplied by the money-lender with a pass book in the prescribed form containing an upto date account of the money-lender's transaction with the debtor and
- (e) submit such returns relating to the loans advanced by him to such authority in such manner and at such time as may be prescribed.
- (2) All records and entries made in the books, accounts and documents referred to in sub-section (1) shall be either in English or in such language of the locality as may be prescribed.

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- (3) Notwithstanding anything contained in the Indian Evidence Act, 1872 (Central Act 1 of 1872), a copy of the account referred to in clause (a) of sub-section (1), certified in such manner as may be prescribed, shall be admissible in evidence in the same manner and to the same extent as the original account.
- (4) A debtor to whom a statement of account has been furnished under clause (d) of sub-section (1) and who fails to object to the correctness of the account shall not, by such failure alone, be deemed to have admitted the correctness or such account.
- (5) In the receipt to be given under clause (c) of sub-section (1) or in the statement of account to be furnished under clause (d) of that sub-section or in the pawn ticket furnished to the pawner, the figures shall be entered only in Arabic numerals.
- (6) In any suit or proceeding relating to a loan, if the Court finds that a money lender has not maintained an account as required by clause (a) of sub-section (1), it shall disallow his costs.
- (7) If any money lender fails to give to the debtor or his agent a receipt as required by clause (c) of sub-section (1) or to furnish on a requisition made under clause (d) of that sub-section a statement of account as required within one month after such requisition has been made, or if a pawn-broker fails to deliver to the pawner a pawn-ticket as required by section 8, he shall not be entitled to any interest for the period of his default.

11. EMPLOYMENT OF DEBT COLLECTORS:

- (1) No person shall be employed by any money lender for the purpose of demanding or recovering any loan due to him unless such person is in possession of a certificate authorizing him to act as a debt collector granted under this section.
- (2) Every application for such a certificate shall be made to such authority and shall be in such form and shall contain such particulars, as may be prescribed and before a certificate is granted to him, the applicant shall satisfy such authority that he bears a good character.
- (3) The certificate shall be in such form and for such period and shall contain such particulars, as may be prescribed

12. APPOINTMENT OF INSPECTORS AND THEIR POWERS:

- (1) The Government or any Authority or officer empowered by them may by notification in the Nagaland Gazette, appoint one or more persons to be Inspectors for the purpose of this Act and may specify in such notification the local limits of their jurisdiction.
- (2) Every Inspector shall be deemed to be a public servant within the meaning of section 21 of the India Penal Code (Central Act 45 of 1860).
- (3)(a) An Inspector may, at any time, with such assistance as he

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thinks necessary, enter any premises within his jurisdiction in which any person carries on business as licensed money lender and inspect the books, accounts, records, files, documents, safes, vaults and pledges in such premises.

- (b) A Magistrate of the first class on receiving a report from an Inspector that he has reason to believe that a person is carrying on without a licence the business on money-lending, at any place within the jurisdiction of such magistrate, may issue a warrant empowering the Inspector to enter such place with such assistance as such Magistrate considers necessary and to inspect the books, accounts, records, files, documents, safes vaults and pledges in such premises.
- (c) On an inspection made under clause (a) or clause (b) the Inspector may take to his office for further investigation, such books, accounts, records, files and documents as he considers necessary.
- (d) If the Inspector removes from the premises any books, accounts records, file and documents, he shall give to the person in charge of the place from whose custody they were removed a receipt describing the books accounts, records, tiles and documents so removed by him.
- (e) The Inspector shall within twenty-four hours of the removal of the books, accounts, records, files and documents from the premises, either return them to the person from whose custody they were removed or produce them in the Court of the Magistrate who issued the warrant. Such Magistrate may return the books, accounts, records, files and documents, or any of them to the person from whose custody

they were removed by the Inspector after taking from such person such security as the Magistrate considers necessary for the production of the books, accounts, records, files and documents when required whether by the Inspector or by the Court, or may pass such other orders as to their disposal as appears just or necessary.

- (f) An Inspector shall have authority to require any person whose testimony he may require regarding any loan or money-lending business, to appear before him or to produce or cause to be produced any document and to examine such person on oath.
- (4) An Inspector may apply for assistance to an Officer-in-charge of a Police-Station and take Police aid in performing his duties under this Act and rules made thereunder.

13. REDEMPTION OF PLEDGE:

- (1) Notwithstanding any agreement between the pawnbroker and the pawner that a pledge shall be redeemed within a specified period which is less than one year, it shall be lawful for the pawner to redeem the pledge within one year from the date of pawning exclusive of that day, and there shall be added to that year of redemption seven days of grace within which every pledge shall continue to be redeemable.
- (2) Where the contract between the pawner provides a period longer than one year for redemption there shall be added to such period of redemption seven days of grace within which the pledge shall continue to be redeemable.

- (3) If a pledge is not redeemed before the expiry of the period of redemption and the days of grace, the pledge shall be disposed of by the pawnbroker in accordance with the provisions of section 14.

14. SALE OF PLEDGE AND INSPECTION OF SALE BOOK:

- (1) An unredeemed pledge shall be disposed of by the pawnbroker only by sale at a public auction. The sale shall be conducted in such manner as may be prescribed.
- (2) Where the highest bid at such sale, is the, bid of the pawnbroker the sale shall not become absolute unless the bid is for a sum exceeding the sum payable on the pawn inclusive of interest and charges and the sale is confirmed by the Inspector appointed under sub-section (1) of section 12.
- (3) At any time within one year from the date of public auction, the holder of the pawn-ticket may inspect the entry relating to the sale either in the sale book of pledges or in such lists of the auction as may be prescribed.
- (4)(a) If the pledge was sold for more than the amount of the loan and the interest and charges due at the time of the sale the pawnbroker shall pay to the holder of the pawn-ticket the excess amount after deducting therefrom the necessary cost and charges of the sale.

(b) If within twelve months before such sale, sale of any other pledge belonging to the same person has resulted in a deficit, the pawnbroker may set off the deficit against such ex-

cess amount and shall be liable to pay only the balance, if any.

15. LIABILITY OF PAWN BROKER IN CASE OF FIRE ETC:

1. Where pledge is damaged, destroyed or lost by, or in consequence of fire, or otherwise, the pawnbroker shall nevertheless be liable to pay the value of the pledge as noted in, the pawn book to the pawner after deducting the amount of the principal and interest or other charges due to him.
2. A pawnbroker shall be entitled to insure to the extent of the value so noted in the pawn book.

16. PUNISHMENT FOR ADVANCING SMALLER AMOUNT OR RECEIVING HIGHER INTEREST THAN THAT SPECIFIED IN THE ACCOUNTS OR OTHER DOCUMENTS:

- (1) Any money lender, whether licenced or not;
 - (a) who actually advances an amount 'less' than the amount shown in his accounts, registers, pawn-tickets or other documents relating the loan, or
 - (b) who receives interest or other charges at a rate higher than the rate shown in the accounts, registers, pawn-ticket or other documents shall be punishable with imprisonment for a term which may extend to one year or with fine which may extend to five thousand rupees or with both.
- (2) If a money lender is convicted of an offence under sub-

section (1) after having been previously convicted of such an offence, the Court convicting him on the subsequent occasion may cancel his licence as a money lender:

Provided that such cancellation shall not affect the right of a money lender to realize loans advanced by him in accordance with the provisions of this Regulation prior to the cancellation of his licence.

17. COGNIZANCE OF OFFENCES:

No court shall take cognizance of an offence punishable under this Act or the rules made thereunder except on a complaint in writing made by the Inspector appointed under sub-section (I) of section 12, or such other officer or authority as may be prescribed.

18. CERTAIN OTHER ACTS, OF PAWNBROKERS TO BE PUNISHABLE:

A pawnbroker who

1. takes an article in pawn from any person obviously appearing to be under the age of eighteen years or to be of unsound mind or to be intoxicated; or
2. purchases or takes in pawn or changes a pawn-ticket issued by another pawnbroker; or
3. employs any person under the age of eighteen years to take pledges in pawn; or
4. under any pretence purchases except at a public auction, any pledge while in pawn with him; or

5. permits any pledge while in pawn with him to be redeemed with a view to purchasing it for himself; or
6. makes any contract or agreement with any person pawning or offering to pawn any article, or with the owner thereof, for the purchase, sale or disposition thereof within the time of redemption; or
7. sells or otherwise disposes of any pledge pawned with him except at such time and in such manner as is authorized by or under this Act or the rules made thereunder, shall be punishable with imprisonment for a term which may extend to one year or with fine which may extend to five thousand rupees or with both.

19. CERTAIN ACTS OF PAWNER TO BE PUNISHABLE:

1. Any person who-
 - (a) offers by way of pawn to a pawnbroker any article of which he is unable or refuses, to give a satisfactory account of the means by which he came into possession of the article; or
 - (b) willfully or knowingly gives false information to a pawnbroker as to the ownership of the article to be pawned or as to the genuineness thereof or as to his name and address or as to the name and address of the owner of the article; or
 - (c) not being entitled to redeem a pledge, attempts or endeavours to redeem the same; shall be punishable with imprisonment for a term which may extend to six months or with fine which may extend to two thousand five hun-

dred rupees or with both.

- (2) In every case falling under sub-section (1) and in any case, where on an article being offered in pawn, for sale, or otherwise, to a pawnbroker, the pawnbroker reasonably suspects that it has been stolen or otherwise illegally or clandestinely obtained, he shall in the absence of reasonable excuse, inquire into the name and address of the person concerned and seize and detain the article and forthwith communicate to the nearest Police Station the facts of the case and shall deliver the article seized to the Police.
- (3) A list of stolen properties may be made over by the Police to all pawnbroker licensed under this Act and thereupon it shall be the duty of such pawnbroker
 - (a) if any article answering the description of any of the properties set forth in any such list is offered to him in pawn, for sale or otherwise, proceed in accordance with the provisions of sub-section (2); and
 - (b) if any such article is already in his possession, to communicate to that nearest Police Station forthwith the facts of the case (including full particulars as to the name and address of the person who delivered the articles to the pawnbroker) and, if so required by the police, to deliver the articles to them.

20. PENALTY FOR MOLESTATION OF DEBTOR:

- (1) Whoever molests or abets the molestation of any debtor for the recovery of any loan shall be punishable with im-

prisonment for a term which may extend to one year or with fine which may extend to five thousand rupees or with both.

- (2) Notwithstanding anything contained in the code of Criminal Procedure, 1898 (Central Act 5 of 1898), an offence under this section shall be cognizable and bailable.

21. POWER TO SUSPEND OR CANCEL LICENCES:

- (1) The licencing authority may, at any time-during the term of any licence. suspend it for such period as that Authority may deem fit or cancel it by an order in writing:
- (a) if the licensee carries on the business in contravention of the provisions of this Act or the rules made thereunder or of the conditions of the licence or
 - (b) if any reason for which the licensing authority could have refused to grant the licence to the money lender under sub-section(3) of section (4) is brought to the notice of that Authority after the grant of the licence; or
 - (c) if the licensee is convicted by a Criminal Court under section 20 or for an offence involving moral turpitude; or
 - (d) if the licensee maintains false accounts; or
 - (e) if he obstructs or willfully refuses facilities to an Inspector appointed under sub section (1) of section 12 or other authority appointed under this Act in the performance of his or its duties. under this Act or the rules made thereunder.
- (2) Before suspending or canceling a licence under sub-section (1), the licensing Authority shall give the licensee a notice in writing stating the grounds on which it is proposed to take action and requiring him to show cause against it

within such time as may be specified in the notice.

- (3) Any person aggrieved by an order of the licensing authority suspending or canceling a licence may, within one month of the date of communication of such order to him appeal to the prescribed authority.

22. PUBLICATION OF ORDER OF SUSPENSION OR CANCELLATION;

Every order of suspension or cancellation of a licence under this Act shall be notified in the Gazette and at the Police Station having jurisdiction over the area to which the licence relates and also on the notice board of the office of the licensing Authority.

23. NO COMPENSATION FOR SUSPENSION OR CANCELLATION OF LICENCE:

A person whose licence is suspended or cancelled under section 21 shall not be entitled to any compensation in respect of such suspension or cancellation or to the refund of any fee paid in respect of such licence.

24. PENALTY FOR CARRYING ON BUSINESS WITHOUT LICENCE:

Whoever carries on the business of money lending without a licence or otherwise than in conformity with the terms and conditions of a licence shall be punishable with imprisonment for a term which may extend to six months or with fine which may extend to two thousand five hundred rupees or with both.

25. OTHER PENALTIES:

1. Whoever contravenes any of the provisions of this Act or of any rule made thereunder or of any terms or conditions of a licence granted thereunder or makes a claim or a statement or furnishes a declaration under section 9 which is false or which he does not believe to be true shall, if no other penalty is elsewhere provided for in this Act for such contravention, be punishable with imprisonment for a term which may extend to one year or with fine which may extend to five thousand rupees or with both.
2. Where a contravention of any of the provisions of this Act or of any rule made thereunder of which a person is convicted consists of a mere omission to do a thing the Magistrate may, while convicting the offender, direct him to do the thing before an appointed day and may on the failure of the offender to do the thing before the said day, pass an order suspending or canceling his licence.

26. JURISDICTION TO TRY OFFENCES:

No Court inferior to that of a Magistrate of the Second Class shall try any offence punishable under this Act.

27. CONTRACTS NOT TO BE VOID ON ACCOUNT OF OFFENCE:

Where a money lender is guilty of an offence punishable under this Act any contract of pawn or other contract made by him in relation to his business of money lending shall not be void by reason only of that offence nor shall he be by reason only of that

offence lose his lien on, or right to, the pledge, or his right to the loan and the interest and other charges, if any, payable in respect thereof.

28. POWER TO MAKE RULES:

- (1) The Government may, after previous publication, make rules to carry out the purposes of this Act.
- (2) In particular and without prejudice to the generality of the foregoing power, such rules may provide for all or any of the following matters namely:
 - (a) the form of and particulars to be contained in an application for a licence and the authority to whom such application shall be made under clause (a) of sub-section (1) of section 4;
 - (b) the manner in which the licence fee payable under clause (c) of sub-section (1) of section 4 shall be paid;
 - (c) the form of the licence and the terms and conditions subject to which it may be granted under sub-section (2) of section 4;
 - (d) the other authority referred to in sub-section (4) of section 4 subject to whose control on direction of licensing Authority shall grant or refuse the licence;
 - (e) the authority referred to in sub-section (5) of section 4 to whom an appeal shall lie against the order of the licensing authority passed under sub-section (3) of section 4;
 - (f) the charges which may be demanded by a money lender

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- under sub section (4) of section 7;
- (g) the form of the pawn-ticket to be given to the pawner under section 8;
 - (h) the form of declarations under section 9;
 - (i) the form of notice to be given under section 9:
 - (j) the form and the language of the locality in which books, accounts and documents specified in this Act shall be maintained, kept or used;
 - (k) the authority to whom, the manner in which and the times at which, the returns relating to the loans shall be submitted under clause (e) of sub section (1) of section 10:
 - (l) the authority to whom an application shall be made for the grants of a certificate under sub-section (2) of section 11 and the form of and the particulars to be contained in, such application
 - (m) the form in which and the period for which the certificate referred to in sub-section (3) of section 11 may be granted and the particulars which such certificate shall contain;
 - (n) the procedure which shall be followed and the powers which may be exercised by the authorities exercising functions, holding inquiries and hearing appeals under this Act;
 - (o) any other matter which is to be or may be, prescribed under this Act;
- (3) All rules made under this section shall come into force from the date of commencement specified in the rules and shall

be published in the official Gazette.

29. POWER TO REMOVE DIFFICULTIES:

If any difficulty arises in giving effect to the provisions of this Act, the Government may, as occasion may require, by order, do anything which appears to them to be necessary or expedient for the purpose of removing the difficulty.