



The Bengal Money-Lenders Act, 1933

Act 7 of 1933

Keyword(s):
Money-Lender, Prescribed

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Bengal Act VII of 1933

[THE BENGAL MONEY-LENDERS ACT, 1933.]¹

ADAPTED

- (a) The Government of India (Adaptation of Indian Laws) Order, 1937.
- (b) The Indian Independence (Adaptation of Bengal and Punjab Acts) Order, 1948.
- (c) The Adaptation of Laws Order, 1950.

[26th October, 1933.]

An Act to provide more effectual control of money-lending in Bengal.

WHEREAS it is expedient to make better provision for the control of money-lending and to give additional powers to Courts to deal with money-lending in Bengal;

AND WHEREAS the previous sanction of the Governor General has been obtained under sub-section (3) of section 80A of the Government of India Act to the passing of this Act;

It is hereby enacted as follows:—

1. (1) This Act may be called the Bengal Money-lenders Act, 1933.

(2) It extends to the whole of ²[West Bengal]:

Provided that nothing in this Act shall apply to any loan made within the limits of the Ordinary Original Jurisdiction of the High Court or under a contract made within those limits.

(3) It shall come into force on such date³ as the ⁴[State Government] may, by notification in the ⁵[Official Gazette], appoint.

Short title,
extent and
commence-
ment.

¹For Statement of Objects and Reasons. see the *Calcutta Gazette* of 1932, Pt. IV, page 441; and for Report of the Select Committee, see *ibid.*, 1933, Pt. IV, page 2 and for further report of the Select Committee, see *ibid.*, 1933, Pt. IV, page 178; and for the Proceedings of Council, see the Proceedings of the Bengal Legislative Council, Vol. XXXIX, No. 6, page 201. and *ibid.*, Vol. XL, No. 1, page 82, and *ibid.*, Vol. XLII, No. 1, page 230, and *ibid.*, No. 2, pages 57, 107, 167 and 214.

²The words within square brackets were substituted for the word "Bengal" by Art. 3(2) of the Indian Independence (Adaptation of Bengal and Punjab Acts) Order, 1948.

³This Act came into force on the 1st July, 1934, vide Notification No. 90391.. dated the 19th December, 1933, published in the *Calcutta Gazette*, dated the 28th December, 1933, Pt. I, page 1908.

⁴The words "Provincial Government" were originally substituted for the words "Local Government" by para. 4(1) of the Government of India (Adaptation of Indian Laws) Order, 1937, and thereafter the word "State" was substituted for the word "Provincial" by para. 4(1) of the Adaptation of Laws Order, 1950.

⁵The words within square brackets were substituted for the words "*Calcutta Gazette*" by para. 4(1) of the Government of India (Adaptation of Indian Laws) Order, 1937.

(Sections 2-7.)

Definitions.

2. In this Act, unless there is anything repugnant in the subject or context—

- (1) "money-lender" means any person who grants a loan of money; and
 (2) "prescribed" means prescribed by rules made under this Act.

Presumption in case of certain loans.

3. Where in any suit in respect of any money lent by a money-lender after the commencement of the Usurious Loans Act, 1918, it is found that the interest charged exceeds the rate of fifteen *per cent. per annum* in the case of a secured loan or twenty-five *per cent. per annum* in the case of an unsecured loan or that there is a stipulation for rests at intervals of less than six months, the Court shall, until the contrary is proved, presume for the purpose of section 3 of the Usurious Loans Act, 1918, that the interest charged is excessive and that the transaction was harsh and unconscionable and was substantially unfair, but this provision shall be without prejudice to the powers of the Court under the said section where the Court is satisfied that the interest charged, though not exceeding fifteen *per cent. per annum* or twenty-five *per cent. per annum*, as the case may be, is excessive.

X of 1918.

Power to limit interest recoverable in certain cases.

4. Notwithstanding anything in any other Act, where in any suit in respect of any money lent by a money-lender before the commencement of this Act it is found that the arrears of interest amount to a sum greater than the principal of the loan, the Court, unless it is satisfied that the money-lender had reasonable grounds for not enforcing his claim earlier, shall limit the amount of such interest recoverable in the suit to an amount equal to the principal of the loan.

Maximum rate of interest recoverable under a contract which provides for the payment of compound interest.

5. No money-lender shall recover by suit interest of any kind at a rate exceeding ten *per cent. per annum* in respect of any loan made after the commencement of this Act under a contract which provides for the payment of compound interest.

Bar to recovery of interest exceeding the principal.

6. No Court shall, in respect of any loan made after the commencement of this Act, decree on account of arrears of interest a sum greater than the principal of the loan.

Money-lender to supply debtor with particulars of loan.

7. (1) Every money-lender, on demand made in the prescribed form by a debtor by registered post, shall supply such debtor with such particulars as may be prescribed concerning any loan made by him to the debtor on account of which any sum is due from the debtor.

of 1933.]

(Sections 8-10.)

(2) A money-lender who sends by registered post to the debtor at the address mentioned in the form of demand the particulars referred to in sub-section (1) shall be presumed to have complied with the demand made under that sub-section.

(3) Where a money-lender has complied with a demand made by a debtor under sub-section (1) the debtor shall not be entitled to make a further demand under the said sub-section in respect of the same loan within a period of six months from the date of such compliance.

8. If a money-lender to whom a demand has been made in accordance with the provisions of sub-section (1) of section 7 fails without reasonable excuse to comply therewith within a month from the date of the service of the demand, interest shall not be chargeable in respect of the loan concerning which the demand was made for so long as the default continues.

Failure to supply particulars under section 7.

9. (1) Where a debtor has sent to a money-lender by postal money-order any sum of money due from him to the money-lender in respect of a loan and the money-lender has refused to accept the same the debtor may apply in the prescribed manner to the lowest Civil Court having jurisdiction over the place where he resides for permission to deposit the said sum in Court to the account of the money-lender and the Court on receiving the prescribed fee from the debtor shall keep the said sum in deposit and shall send a notice of the deposit in the prescribed manner to the money-lender.

Deposit in Court of money due to money-lender.

(2) If a money-lender accepts money sent in the manner specified in sub-section (1) by a debtor or withdraws money deposited under the said sub-section he shall not be bound by any statement made by the debtor in remitting or depositing the money.

10. (1) The [State Government] may make rules for carrying out the purposes of this Act.

Rules.

(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:—

- (i) the form of a demand by a debtor and the particulars to be supplied by a money-lender under sub-section (1) of section 7; and

¹See foot-note 4 on page 235. *ante*.