
KARNATAKA MONEY LENDERS RULES, 1965

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KARNATAKA MONEY LENDERS RULES, 1965

In exercise of the powers conferred by Section 44 of the Karnataka Money Lenders Act, 1961 (Karnataka Act 12 of 1962), the Government of Karnataka hereby makes the following rules, the same having been previously published in Part IV, Section 2-C (i) of the Karnataka Gazette, dated the 13th December, 1962 as required by sub-section (1) of the said section, namely.

1. Title :-

These rules may be called the Karnataka Money Lenders, Rules, 1965.

2. Definitions :-

In these rules, unless the context otherwise requires.

(a) "Act" means the Karnataka Money Lenders Act, 1961;

(b) "Form" means a form appended to these rules;

(c) "Section" means a section of the Act.

3. Register of Money Lenders :-

The Register of Money Lenders required to be maintained under Section 4 shall be in Form 1.

4. Display of list of licensed money lenders :-

Every Assistant Registrar shall display on a notice board in his office a list of money lenders licensed to carry on the business of money lending in the area under his jurisdiction. Such list shall contain the addresses of the money lenders.

5. Application for licence :-

(1) A money lender desiring to carry on the business of money lending in any area shall make an application in Form 2 to the Assistant Registrar concerned. The application shall be delivered at the office of the Assistant Registrar during office hours either personally by the applicant or through an agent duly authorised in writing in this behalf or sent by registered post addressed to the Assistant Registrar. (2) An application for grant of a licence for the first time may be made on any date and an application for ¹[grant of a fresh licence for the succeeding year] may be made ²[before the last day of October every year.]

³ [Provided that where an application for grant of a licence for the first time is made between the first day of November and thirty first day of December of a year, the application for a fresh licence for the succeeding year shall be made before the expiry of the period of licence.]

1. Substituted for the words "renewal of licence" by GSR 222, dated 12/13-9-1985.

2. Substituted for the words "on any date within two months prior to the expiry of the period of licence" by GSR 76, dated 10-3-1988.

3. Proviso inserted by GSR 76, dated 10-3-1988.

6. Change in partnership of management :-

If during the currency of a licence a new partner is taken up or a person is appointed as responsible for the management of the business of money-lending, the money lender shall, within seven days communicate to the Registrar the name of the partner so taken up or of the person so appointed and shall satisfy the Registrar that the new partner or the person appointed is not himself disqualified from holding a licence on any of the grounds, mentioned in Section 8.

7. Change of address :-

A money lender shall communicate to the Registrar any change in his address giving full details of the new address within seven days of such change.

8. Procedure for summary inquiry under Section 7 :-

The Assistant Registrar shall make the summary inquiry under Section 7 by calling for such information from the applicant and examining such persons as he may deem fit in order to satisfy himself about the bona fides of the applicant and his suitability for carrying on the business of money lending. If from the information supplied and the examination made, the Assistant Registrar is not so satisfied, he may examine the applicant personally. The Assistant Registrar shall maintain a record of such inquiry duly signed by him. The record shall contain a brief memorandum of the substance of evidence taken and a summary of the conclusions regarding facts elicited during the enquiry.

9. Form of licence :-

The licence under Section 7 shall be in Form 3.

10. Manner of payment of licence fees :-

(1) The licence fee ¹ [payable] under Section 6 shall be paid in cash at the time of presenting the application or by remitting it by postal money order addressed to the Assistant Registrar or by crediting to Government account at a Treasury, or the Reserve Bank of India, and forwarding the receipt of the postal money order or the receipted challan to the Assistant Registrar along with the application.

(2) The Registrar while forwarding copies of the licence for the principal place and the application to other Registrar or Registrars shall make an endorsement in token of having received the

requisite licence fee.

1. Substituted for the words and figures "of Rs. 10 and Rs. 3" by GSR 222, dated 12/13-9-1985.

11. Order refusing to grant licence or cancelling licence to be communicated :-

If a Registrar refuses to grant a licence, or cancels a licence, he shall communicate the order to the applicant or the licensee, as the case may be.

12. Appeal against orders of Registrar refusing or cancelling a licence :-

(1) An appeal under sub-section (3) of Section 8 or sub-section (3) of Section 9 against the order of a Registrar refusing to grant or cancelling a licence shall be filed within 30 days from the date on which the Order of refusal or cancellation is communicated to the money lender. An appeal under sub-

(2) The Registrar General shall decide the appeal after giving a reasonable opportunity to the appellant to be heard.

13. Display of licence :-

Every money-lender shall exhibit his licence in a prominent place on the premises where he carries on the business of money-lending.

14. Issue of a duplicate licence :-

(1) When a licence granted to a moneylender is lost, destroyed or torn or otherwise defaced in such a manner as to render it illegible, the money-lender may make an application to the Registrar through the Assistant Registrar concerned, for the grant of a duplicate licence.

(2) Where a duplicate licence is required on the ground that the original licence is torn or defaced, the money-lender shall surrender the original licence to the Registrar along with the application made under sub-rule (1).

(3) An application under sub-rule (1) shall be accompanied by a fee of Rupee one. The fee shall be paid in the manner prescribed in Rule 10.

(4) On receipt of such application, if the Registrar, is, after making such inquiry as may be deemed necessary, satisfied that a duplicate licence may be issued to the money-lender, he shall issue

a duplicate licence and direct the Assistant Registrar to make a note of the issue of such a duplicate licence to the money-lender against his name in the register.

(5) The duplicate licence so issued shall bear on its face the number and date of the original licence and shall also bear the word "duplicate".

14A. Payment of Security Amount :-

¹ Every licensee shall deposit in the Government Treasury in cash the security amount specified in Section 7-A under the head of account notified by the Registrar General.

(2) The treasury receipt for having deposited the security amount shall be sent to the concerned Assistant Registrar.

1. Rules 14-A to 14-E inserted by GSR 222, dated 12/13-9-1985.

14B. Declaration of amount under Section 7-A :-

Every declaration under Section 7-A shall be in Form 3-A.

14C. Communication of order under Section 7-B :-

Every order of the Registrar under Section 7-B shall be communicated to the licensee either personally or to his agent or by registered post acknowledgement due addressed to the licensee's residence or place of business or last known residence or place of business.

14D. Payment out of forfeited amount :-

(1) A borrower who has been affected by the acts of a licensee shall make an application to the Registrar specifying the nature of claim and the amount due from such licensee.

(2) The Registrar may on receipt of an application under sub-rule (1), after holding such enquiry as he deems fit, determine the amount payable to the applicant out of the forfeited amount:

Provided that if there are more than one applicant the amount shall be paid rateably in proportion to the amounts determined to be payable to the applicants.

14E. Refund of security amount :-

(1) A licensee who has wound up his business or has not applied for a fresh licence after the expiry of the term of his licence, may apply to the Registrar for refund of the amount deposited under Section

7-A.

(2) The Registrar may, on receipt of an application under sub-rule (1), after being satisfied that the licensee has either wound up his business or has not applied for a fresh licence for the succeeding year and that no case against him regarding contravention of any of the provisions of the Act or of the rules made thereunder is pending, order refund of the amount deposited under Section 7-A or so much of the balance thereof, if any, remaining after the forfeiture to the Government under Section 7- B.]

15. Forms of cash book, ledger and statement under Section 20 :-

The cash book and ledger to be maintained by a money-lender under sub- section (1) of Section 20 shall be either in Forms 4 and 5 respectively or in Forms 4 A and 5-A respectively. The statement under clause (a) of sub-section (2) of Section 20 shall be in Form 6.

16. Annual statement of accounts to be delivered by money-lender to debtor, etc., under Section 21 :-

(1) The annual statement of accounts to be delivered by a money-lender to each of his debtors under sub-section (1) of Section 21 shall be in Form 7.

(2) The statement shall be furnished to each of the debtors within sixty days after the close of the year for which the accounts of money-lenders are ordinarily maintained:

Provided that the Registrar may on the application of the money-lender extend such period in the aggregate to not more than ninety days after the close of such year, if the money-lender proves to the satisfaction of the Registrar that not less than two-thirds of the total number of statements will be furnished within the said sixty days.

(3) The fee to be paid by a debtor to a money-lender for supplying a statement of accounts under sub-section (2) of Section 21 shall be fifty paise.

(4) The expenses to be recovered from a debtor for supplying copies of documents by a money-lender under sub-section (3) of Section 21 shall be according to the following scale.

For copying 100 words or fraction thereof	10 paise
For copying 100 words or part thereof tabular statement	15 paise

17. Fees for supplying of statements or pass books :-

(1) The rate of fees recoverable under sub-section (2) of Section 22 shall be (a) 15 paise for each statement or a copy thereof supplied under sub-section (2) of Section 20 and sub-section (1) of Section 21 and (b) 75 paise for each pass book containing not less than eight pages excluding cover pages supplied under sub-section (2) of Section 20 and sub-section (1) of Section 21.

(2) The amount on account of such fees shall be shown separately in debtors account.

18. Form of pass book :-

The pass book mentioned in Sections 20 and 21 shall be either in Form 8 or Form 9.

19. Notice and information to be given on assignment of loan :-

The notice to be given to an assignee under clause (a), the statement of information to be supplied to an assignee under clause (b) and the notice to be given to the debtor under clause (c), of sub-section (1) of Section 30 shall be in Forms 10, 11 and 12 respectively.

20. Form of application under Section 33 :-

The application to be made by a debtor under sub-section (1) of Section 33 shall be in Form 13 and shall be accompanied by a Court fee of Rupee one.

21. Copies of documents on payment of fees :-

(1) Any party to any application, inquiry or appeal under the Act before the Assistant Registrar, Registrar or Registrar General or any person who is interested in such application, inquiry or appeal may apply to the Assistant Registrar, Registrar or Registrar General, as the case may be, for a copy of any documents in the record of such application, inquiry or appeal.

(2) The application shall be accompanied by deposit or an amount to cover the cost of preparing copies according to the following scales of copying fees, namely.

(a) in the case of English copies, 5 paise for every 25 words or

fraction thereof;

(b) in the case of copies in regional languages, 5 paise for every 30 words or fraction thereof;

(c) in the case of certified copies, an additional 5 paise for 100 words or fraction thereof for comparing;

(d) in the case of documents in tabular forms, twice the ordinary rate: provided further that a surcharge of 55 per cent shall be levied on all copying, comparing and translation fees and added to the total charges for the preparation of certified copies;

(e) when the description of the document given in the application is incorrect or deficient and it shall in consequence be necessary for the Record-keeper to search his records in order to find it, a fee at the rate of one rupee for each year, of which the records are searched, shall be payable by the applicant for such search, whether the document be found or not and whether the copy for which he applies, on examination of the said document, be granted or not.

(3) The amount calculated according to the above scale shall be credited to the Government by the Assistant Registrar, Registrar or Registrar General to whom the application for grant of copies is made, as copying fees and the surplus amount, if any, deposited by the person applying for copies shall be refunded to him at the time of supplying the copy: provided that the person applying for copies shall, if the amount deposited by him is not sufficient to cover copying fees, pay the deficit before taking delivery of the copy.

22. Forms of summons :-

The summons to be issued for enforcing the attendance of any person under Section 14 in connection with an inquiry under Section 7 shall be in Form 14 or 15 as the case may be.