

## **KARNATAKA PAWN-BROKERS RULES, 1966**

### **CONTENTS**

1. Title
2. Definitions
- 2A. Prescribed Authority
3. Application for licence
4. Manner of payment of licence fees
- 4A. Payment of security amount
- 4B. Communication of order under Section 4B
- 4C. Payment out of forfeited amount
- 4D. Refund of security amount
5. Grant or renewal of Licence
6. Reasons for refusing to grant or renew a licence to be communicated to applicant
7. Appeal against Order refusing the grant or renewal of a licence
8. Display of licences
9. Issue of duplicate licence
10. Forms of declaration
11. Pledge Book
12. Pawn Ticket, Sale Book of pledges and Receipt on Redemption of Pledge
13. Charges allowed to Pawn-brokers
14. Certification of copy of the account
15. Language in which records, etc., should be maintained
16. Manner of furnishing statement of account
17. Public Notice of claim in certain cases
18. Prescribed Authority for the purpose of proviso (1) to Section 9(1)(b).
19. Period within which declaration should be delivered to the pawnbroker
20. Procedure in auction of pledges

## **KARNATAKA PAWN-BROKERS RULES, 1966**

In exercise of the powers conferred by Section 22 of the Karnataka Pawn-brokers Act, 1961 (Karnataka Act 13 of 1962), the Government of Karnataka hereby makes the following rules, the draft of the same having been published in Part IV of sub-section of Karnataka Gazette, dated 9th July, 1964, as required by sub-section (1) of the said section, namely:-

### **1. Title :-**

These rules may be called the Karnataka Pawn-brokers Rules, 1966.

## **2. Definitions :-**

In these rules, unless the context otherwise requires.-

- (a) "Act" means the KARNATAKA PAWNBROKERS ACT, 1961 ;
- (b) "Form" means a form appended to these rules;
- (c) "Licensing Authority" means the Registrar of Money Lenders appointed under the Karnataka Money Lenders Act, 1961 ;
- (d) "Section" means a section of the Act.

## **2A. Prescribed Authority :-**

The Registrar General of Money Lenders shall be the prescribed authority for the purpose of S.4B OF THE Karnataka Pawn brokers Act, 1961.]

## **3. Application for licence :-**

(1) A person desiring to carry on the business of taking goods and chattels in pawn for a loan shall make an application for a pawn-broker's licence addressed to the Licensing Authority for the area in which he carries on business. The application shall be delivered at the Office of the Assistant Registrar of Money Lenders appointed as such under the Karnataka Money Lenders Act, 1961 , 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 such Assistant Registrar.

(2) An application for the grant of a licence for the first time may be made at any time and an application for renewal of licence shall be made <sup>1</sup>[before the last date of October of every year.]

<sup>2</sup> [Provided that where an application for grant of 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 renewal of licence for the succeeding year shall be made before the expiry of the period of licence.]

1. Substituted for the words "on any date within two months before the expiry of the period of licence" by GSR 77, dated 16-3-1988.

2. Proviso inserted by GSR 77, dated 16-3-1988.

## **4. Manner of payment of licence fees :-**

The fee payable in respect of an application for the grant or

renewal of a licence shall be paid either in cash at the time of presenting the application or by Money Order addressed to the Assistant Registrar of Money Lenders or by crediting to Government account at a Treasury, sub-Treasury or the Reserve Bank of India. The receipt for having sent the Money Order or the Treasury or Bank challan as the case may be, shall be attached to such application.

**4A. Payment of security amount :-**

**1**

(1) Every licensee shall deposit in the Government Treasury in cash, the security amount specified in S.4A OF THE Karnataka Pawn Brokers Act, 1961 under the head of account notified by the licensing authority.

(2) The treasury receipt for having deposited the security amount shall be sent to the licensing authority.

1. Rules 4-A to 4-D inserted by GSR 223, dated 12/13-9-1985.

**4B. Communication of order under Section 4B :-**

Every order of the licensing authority under S.4B OF THE Karnataka Pawn brokers Act, 1961 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.

**4C. Payment out of forfeited amount :-**

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

2. The licensing authority may on receipt of an application under sub-rule (1), after holding such enquiry as it 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 ratably in proportion to the amount determined to be payable to the applicants.

**4D. Refund of security amount :-**

1. A licensee who has wound up his business or has not renewed his license may apply to the licensing authority for refund of the amount deposited under S.4A OF THE Karnataka Pawn Brokers Act,

1961.

2. The licensing authority 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 renewed his license 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 S.4A OF THE Karnataka Pawn Brokers Act, 1961 or so much of the balance thereof, if any, remaining after the forfeiture to the Government under S.4B OF THE Karnataka Pawn brokers Act, 1961.]

#### **5. Grant or renewal of Licence :-**

The Assistant Registrar of Money Lenders after making such enquiries as to the bona fides of the applicant for a licence shall forward the applications to the Licensing Authority who after such further enquiry, if any, as he deems fit may subject to the provisions of S.4 OF THE Karnataka Pawn brokers Act, 1961 by order grant, renew, refuse to grant, or renew the licence. The licence if granted or renewed shall be in Form B and C subject to the conditions specified therein.

#### **6. Reasons for refusing to grant or renew a licence to be communicated to applicant :-**

Where the Licensing Authority refuses to grant or renew a licence, the reasons for doing so shall be recorded in writing and communicated to the applicant.

#### **7. Appeal against Order refusing the grant or renewal of a licence :-**

(1) An appeal against the order of a Licensing Authority refusing to grant or renew a licence shall be to the Registrar General of Money Lenders appointed as such under the Karnataka Money Lenders Act, 1961 , and shall be filed within a period of 30 days from the date on which the order of refusal is communicated to the applicant.

(2) The Appellate Authority shall decide the appeal after giving the appellant or his pleader, as the case may be, a reasonable opportunity of being heard.

#### **8. Display of licences :-**

Every pawn-broker shall exhibit his licence in a prominent place on the premises he carries on the pawn- broker's business. The number of his licence shall be indicated in the signboard displaying

the name in which he is carrying on business:

Provided that the Registrar General of Money Lenders or the Registrar of Money Lenders may, subject to the general or special Order of the State Government, exempt any pawn-broker from the operation of all or any of the provisions of this rule.

#### **9. Issue of duplicate licence :-**

(1) When a licence granted under these rules is lost, destroyed or torn or otherwise defaced in such a manner as to render it illegible, the pawn-broker may make an application to the Licensing Authority through the Assistant Registrar of Money Lenders 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 Licensing Authority along with the application made under sub-rule (1).

(3) The application under sub-rule (1) shall be accompanied by a fee of rupee one and shall be paid in the same manner as specified in Rule 4.

(4) On receipt of such application, if the Licensing Authority is, after making such inquiry as he may deem necessary, satisfied that a duplicate licence may be issued to the pawn-broker, he shall issue a duplicate licence and direct the Assistant Registrar of Money Lenders to make a note of the issue of such a duplicate licence to the pawn-broker against his name in the register of licences maintained by him.

(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".

#### **10. Forms of declaration :-**

The declaration where pledge is claimed by the owner shall be in Form C and the declaration of pawn ticket, lost shall be in Form D.

#### **11. Pledge Book :-**

The Pawn-brokers shall maintain a pledge book in Form E.

#### **12. Pawn Ticket, Sale Book of pledges and Receipt on Redemption of Pledge :-**

The pawn ticket, the sale book of pledges and the receipt on

redemption of pledge shall be in Forms F, G and H, respectively.

**13. Charges allowed to Pawn-brokers :-**

(1) The charges which a broker may demand and take from the pawner in respect of the following cases shall be as indicated therein namely.-

(a) for inspection of the entry of a sale in the sale book of pledges referred to in sub-clause (ii) of clause (b) of sub-section (1) of S.10 OF THE Karnataka Pawn Brokers Act, 1961 shall be six Paise.

(b) for a statement of accounts furnished by him under clause (d) of sub-section (1) of S.10 OF THE Karnataka PawnBrokers Act, 1961.-

(2) Separate fee may be charged in respect of each loan and each requisition.

(3) The charges levied under sub-rule (1) may be recovered by the pawnbroker as if the same were included in the loan but no interest shall be charged on such charges.

(4) Where a pawner redeems the pledge before it is actually disposed of by sale in public auction the pawn-broker may demand and take from him the charges, if any, incurred by the pawn-broker in bringing the pledge to auction.

**14. Certification of copy of the account :-**

No copy of the account maintained by the pawn-broker shall be admissible in evidence unless it contains a certificate at the foot, by the pawn-broker himself or his agent. The certificate shall be in Form J.

**15. Language in which records, etc., should be maintained :-**

All records or entries made in the books, accounts and documents referred to in sub-section (1) of S.10 OF THE Karnataka Pawn Brokers Act, 1961 shall within the area mentioned in column (2) of the Table below be either in English or in Hindi subject to review after one year or in the language or languages mentioned in the corresponding entry in column (3) thereof.

**16. Manner of furnishing statement of account :-**

(1) The statement of accounts referred to in clause (d) of sub-section (1) of S.10 OF THE Karnataka Pawn Brokers Act,1961 shall

be sent to the pawner by registered post, acknowledgment due, to the address given in requisition made by the pawner:

Provided that it shall not be necessary to send it by registered post where the pawner has agreed in writing to the statement being delivered personally.

(2) When a pawner takes personal delivery of the statement of account, he shall acknowledge receipt of the same in writing. The pawner shall sign the acknowledgement or if he is illiterate, affix his thumb impression thereto.

(3) If the statement of account is sent by registered post, the production of the postal receipt and acknowledgement shall be sufficient proof of the sending of such statement.

(4) The charges for sending the statement by registered post shall be entered in the accounts and shall be recoverable by the pawn-broker along with the loan amount. But no interest shall be charged on such charges.

**17. Public Notice of claim in certain cases :-**

The public notice referred to in the proviso to clause (a) of sub-section (1) of S.9 OF THE Karnataka Pawn Brokers Act, 1961 shall contain the following particulars, namely.-

(a) the name, place of business and licence number of the pawn-broker concerned;

(b) full and detailed description of the article (weight to be noted in case of jewels);

(c) name and address of the pawner;

and

(d) the basis on which the applicant makes his claim, that is, whether as the owner of the pledge but not holding the pawn ticket or as a person claiming to be entitled to hold the pawn ticket but alleging that it has been lost, mislaid, destroyed, stolen, or fraudulently obtained from him.

(2) The notice under sub-rule (1) shall be published on two successive days in a newspaper circulating in the place where the pawn-broker carries on his business and approved by the licensing authority, or the Inspector of Money Lenders and the Pawn-broker twenty-one days before the date of making the application.

**18. Prescribed Authority for the purpose of proviso (1) to Section 9(1)(b). :-**

The authority for the purposes of proviso (1) to clause (b) of subsection (1) of S.9 OF THE Karnataka Pawn Brokers Act, 1961 shall be the Tahsildar of the Taluka in which the pawn-broker has his place of business or where a Deputy Tahsildar is holding charge independently of the Tahsildar, such Deputy Tahsildar.

**19. Period within which declaration should be delivered to the pawnbroker :-**

The period within which the declaration referred to in proviso (ii) to clause (b) of sub-section (1) of S.9 OF THE Karnataka Pawn Brokers Act, 1961 shall be delivered back to the pawn-broker shall be fifteen days after the delivery of the form of declaration to the applicant.

**20. Procedure in auction of pledges :-**

The procedure for sale by public auction of pledges shall be as follows.-

(1) The sale shall be conducted by an auctioneer approved by the Licensing Authority or from the Inspector of Money Lenders and the Pawn-brokers.

(2) The auctioneer shall.-

(i) cause all pledges to be exposed to public view;

(ii) get a catalogue of the pledges to be sold in auction containing the following particulars printed.-

(a) the name, place of business and licence number of the pawn-broker concerned;

(b) date of loan;

(c) number of the pledge in the pledge book;

(d) full and detailed description of the article (weight to be noted in case of jewels);

(e) name and address of pawner;

(f) date, hour and place of sale;

(iii) publish the printed catalogue by getting a copy thereof posted at the place of business of the pawn-broker and by distributing copies among intending bidders;



<sup>1</sup> [(iv) send at least a week before the date fixed for the sale.-

(a) two copies of the printed catalogue to the Police Station having jurisdiction over the premises where the auction is to be held, one copy for being posted on the notice board of the police station and another copy for record at the police station;

(b) one copy of the printed catalogue to the police station or each of the police stations having jurisdiction over the place of the business of the pawn-broker concerned for record at such police station;

(c) in any case, shall notify each of the police stations having jurisdiction over the places of business of the pawn-broker concerned and the place or places of sale, and postponement of such auction and all the subsequent dates of auction;]

(v) send a copy of the printed catalogue by registered post to the pawn-er at least a week before the date fixed for sale.

(3) The pledges of each pawn-broker in the catalogue shall be separate from the pledges of any other pawn-broker notifying the sale in a news paper approved by the Licensing Authority or the Inspector of Money Lenders and the Pawn-brokers furnishing the following details also.-

(a) the pawn-broker's name and place of business;

(b) the months in which the pledges were pawned.

(4) Where the pawn-broker himself bids at the sale, the auctioneer shall not take the bidding in any form other than that in which he takes, the bidding of other persons at the same scale, and the auctioneer on knocking down any article to a pawn-broker shall forthwith declare audibly the name of the pawnbroker as purchaser.

(5) The auctioneer shall, within fourteen days, after the sale, deliver to the pawn-broker an authenticated copy of the catalogue, or of so much thereof as relates to the pledges of that pawn-broker indicating also the charges for the sale of each article.

(6) The pawn-broker shall preserve every such catalogue for at least three years after the auction.

1. Clause (iv) substituted by GSR 347, dated 17-9-1969.