
Tamil Nadu Protection Of Interests Of Depositors (In Financial Establishments) Amendment Act, 2008

18 of 2008

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Statement of Objects and Reasons² At present, the Tamil Nadu Protection of Interests of Depositors (in Financial Establishments) Act, 1997 (Tamil Nadu Act 44 of 1997) provides that the Competent Authority shall make an application to the Special Court for making the ad-interim order of attachment absolute. After making the ad-interim order of attachment absolute the Competent Authority has to make an application to the Special Court for sale of the property so attached by public auction and realise the sale proceeds. In order to settle the dues to the aggrieved depositors expeditiously, the Government have decided to amend the said Act suitably so as to enable the Competent Authority to file an application to the Special Court for making the ad-interim order of the attachment absolute and for sale of property attached simultaneously. 2. The Bill seeks to give effect to the above decision.

PREAMBLE An Act further to amend the Tamil Nadu Protection of Interests of Depositors (in Financial Establishments) Act, 1997. Be it enacted by the Legislative Assembly of the State of Tamil Nadu in the Fifty-ninth year of the Republic of India as follows:-- 1. Received the Assent of the Governor of Tamil Nadu on May 22, 2008 -- Published in Tamil Nadu Government Gazette, Extraordinary, Part IV, Section 2, Iss. No. 159, pages 64-65, dated May 23, 2008. 2. Vide L.A. Bill No.33 of 2008 -- Published in T.N. Govt. Gazette, Extra., Part IV, Section 1, Issue No.143, pages 133-134, dated May 13, 2008.

1. Short Title And Commencement :-

(1) This Act may be called the Tamil Nadu Protection of Interests of Depositors (in Financial Establishments) Amendment Act, 2008.

(2) It shall come into force on such date as the State Government may, by notification, appoint.

2. Amendment Of Section 4 :-

In Section 4 of the Tamil Nadu Protection of Interests of Depositors (in Financial Establishments) Act, (Tamil Nadu Act 44 of 1997) 1997 (hereinafter referred to as the principal Act), for sub-section (3), the following sub-section shall be substituted, namely:--

"(3) Upon receipt of the orders of the Government under Section 3, the competent authority shall apply within thirty days to the Special Court constituted under this Act for making the ad-interim order of attachment absolute and for a direction to sell the property so attached by public auction and realise the sale proceeds."

3. Amendment Of Section 7 :-

In Section 7 of the principal Act,--

(i) for sub-section (1), the following sub-section shall be substituted, namely:--

"(1) Upon receipt of an application under Section 4, the Special Court shall issue to the Financial Establishment or to any other person whose property is attached by the Government under Section 3, a notice accompanied by the application and affidavits and of the evidence, if any, recorded, calling upon him to show cause on a date to be specified in the notice why the order of attachment should not be made absolute and the property so attached be sold in public auction.";

(ii) for sub-section (4), the following sub-section shall be substituted, namely:--

"(4) If no cause is shown and no objections are made on or before the specified date, the Special Court shall forthwith pass an order making the ad-interim order of attachment absolute and direct the competent authority to sell the property so attached by public auction and realise the sale proceeds.";

(iii) for sub-section (6), the following sub-section shall be substituted, namely:--

"(6) After investigation under sub-section (5), the Special Court shall pass an order, within a period of one hundred and eighty days

from the date of receipt of an application under sub-section (3) of Section 4, either making the ad-interim order of attachment absolute or varying it by releasing a portion of the property from attachment or cancelling the ad-interim order of attachment and then direct the competent authority to sell the property so attached by public auction and realise the sale proceeds:

Provided that the Special Court shall not release from attachment any interest which it is satisfied that the Financial Establishment or the person referred to in sub-section (1) has in the property unless it is also satisfied that there will remain under attachment an amount or property of value not less than the value that is required for re-payment to the depositors of such Financial Establishment.";

(iv) sub-section (7) shall be omitted;

(v) in sub-section (8), the expression "under sub-section (7) " shall be omitted.

4. Amendment Of Section 9 :-

In Section 9 of the principal Act, for the expression "passing the order of attachment", the expression "passing the order under sub-section (6) of Section 7 " shall be substituted.