

Usurious Loans (Madras Amendment) Act, 1936

08 of 1937

[02 March 1937]

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PREAMBLE

An Act to amend the Usurious Loans Act, 1918 (Central Act X of 1918), in its application to the Presidency of Madras, for certain purposes.

WHEREAS it is expedient to amend the Usurious Loans Act, 1918 (Central Act X of 1918), in its application to the Presidency of Madras, for the purpose hereinafter appearing;

AND WHEREAS the previous sanction of the Governor-General has been obtained to the passing of this Act;

It is hereby enacted as follows:--

1. For Statement of Objects and Reasons, see Fort St. George Gazette, dated 4th November 1936, Part IV, pages 360-361.

1. Short title, extent and application :-

(1) This Act may be called the Usurious Loans (Madras Amendment) Act, 1936.

(2) It extends to the whole of the Presidency of Madras.

(3) The provisions of this Act shall apply to all suits to which the Usurious Loans Act, 1918 (Central Act X of 1918) (hereinafter referred to as the said Act), would apply and which are pending on, or are instituted on or after, the date of the commencement of this Act.

2. Amendment of section 3 :-

In section 3 of the said Act--

(i) in sub-section (1), for the words, letters and brackets beginning with "has reason to believe" and ending with "any of the following powers, namely, may," the following shall be substituted, namely:-

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"has reason to believe that the transaction was, as between the parties thereto, substantially unfair, the Court shall exercise one or more of the following powers, namely,--";

(ii) the Explanation to the same sub-section shall be renumbered as Explanation II and the following shall be inserted as Explanation 1, namely:--

"Explanation I.--if the interest is excessive, the Court; shall presume that the transaction was substantially unfair; but such presumption may be rebutted by proof of special circumstances justifying the rate of interest.";

(iii) to clause (b) of sub-section (2), the following proviso shall be added, namely:--

"provided that in the case of loans to agriculturists if compound interest is charged, the Court shall presume that the interest is excessive"; and

(iv) the Explanation to clause (d) of the same sub-section shall be omitted.