



# TAMIL NADU GOVERNMENT GAZETTE

**EXTRAORDINARY** PUBLISHED BY AUTHORITY

No. 169]

CHENNAI, MONDAY, JUNE 9, 2003  
Vaikasi 26, Subhanu, Thiruvalluvar Aandu-2034

## Part IV—Section 2

### Tamil Nadu Acts and Ordinances.

The following Ordinance which was promulgated by the Governor on the 9th June 2003 is hereby published for general information:—

#### TAMIL NADU ORDINANCE No. 2 OF 2003.

*An Ordinance to prohibit the charging of exorbitant interest by any person and matters incidental thereto.*

WHEREAS the Legislative Assembly of the State is not in session and the Governor of Tamil Nadu is satisfied that circumstances exist which render it necessary for him to take immediate action for the purposes hereinafter appearing;

NOW, THEREFORE, in exercise of the powers conferred by clause (1) of Article 213 of the Constitution, the Governor hereby promulgates the following Ordinance:—

1. (1) This Ordinance may be called the Tamil Nadu Prohibition of Charging Exorbitant Interest Ordinance, 2003.

(2) It extends to the whole of the State of Tamil Nadu.

(3) It shall come into force at once.

Short title, extent and commencement.

## Definitions.

2. In this Ordinance, unless the context otherwise requires,—

(1) "daily vatti" means interest on daily basis which will work out to an interest rate more than that fixed by the Government under section 7 of the Tamil Nadu Money-lenders Act, 1957;

Tamil Nadu  
Act XXVI  
of 1957.

(2) "debtor" means a person who receives loan for exorbitant interest;

(3) "exorbitant interest" means and includes daily vatti, hourly vatti, kandhu vatti, meter vatti and thandal;

(4) "hourly vatti" means interest on hourly basis which will work out to an interest rate more than that fixed by the Government under section 7 of the Tamil Nadu Money-lenders Act, 1957;

Tamil Nadu  
Act XXVI  
of 1957.

(5) "kandhu vatti" means an interest which will work out to an interest rate more than that fixed by the Government under section 7 of the Tamil Nadu Money-lenders Act, 1957;

Tamil Nadu  
Act XXVI  
of 1957.

(6) "loan" means an advance of money for daily vatti, hourly vatti, kandhu vatti, meter vatti or thandal;

(7) "meter vatti" means an interest which will work out to an interest rate more than that fixed by the Government under section 7 of the Tamil Nadu Money-lenders Act, 1957, for every day on the loan amount not paid within the stipulated time;

Tamil Nadu  
Act XXVI  
of 1957.

(8) "thandal" means interest, which will work out to an interest rate more than that fixed by the Government under section 7 of the Tamil Nadu Money-lenders Act, 1957 which is to be collected daily along with the part of the loan amount;

Tamil Nadu  
Act XXVI  
of 1957.

(9) words and expressions used but not defined in this Ordinance shall have the meanings assigned to them in the Tamil Nadu Money-lenders Act, 1957.

Tamil Nadu  
Act XXVI  
of 1957.

Prohibition  
of  
charging  
exorbitant  
interest.

3. No person shall charge exorbitant interest on any loan advanced by him.

## Penalty.

4. Notwithstanding anything contained in the Tamil Nadu Money-lenders Act, 1957 whoever contravenes the provisions of section 3 or molests or abets the molestation of any debtor for recovery of any loan shall be punishable with imprisonment for a term which may extend to three years and also with fine which may extend to thirty thousand rupees.

Tamil Nadu  
Act XXVI  
of 1957.

Deposit of  
money  
and  
presentation  
of  
petition  
to Court  
and the  
procedure  
thereof.

5. (1) A debtor may deposit the money due in respect of loan received by him from any person together with interest at the rate fixed by the Government under section 7 of the Tamil Nadu Money-lenders Act, 1957 into the Court, having jurisdiction, along with a petition to record that the amount deposited is in full or part, satisfaction of the loan including the interest therefor, as the case may be.

Tamil Nadu  
Act XXVI  
of 1957.

(2) The Court shall, on receipt of a petition under sub-section (1), refer a copy of the petition to the person mentioned in the petition, directing him to give his version of the case within a period of fifteen days as may be granted by the Court. The Court may, after due inquiry and after considering the versions of the parties, pass orders recording the satisfaction of the loan and interest therefor in full or in part, as the case may be.

Restoration  
of  
possession  
of  
property.

6. The Court may, on filing a petition by the debtor, order the restoration of possession of property whether movable or immovable, if any, forcibly taken by any person towards repayment of the loan advanced or interest therefor.

Tamil Nadu Act XXVI of 1957.	7. Any person who charges exorbitant interest may, within one month from the date of publication of this Ordinance in the <i>Tamil Nadu Government Gazette</i> , file a petition before the Court disclosing his intention to charge only the rate fixed by the Government under section 7 of the Tamil Nadu Money-lenders Act, 1957, on the loan advanced by him and on such disclosure the interest in respect of such loan shall be as fixed by the Government under section 7 of the Tamil Nadu Money-lenders Act, 1957 and no prosecution for the offences under this Ordinance shall be instituted in respect of such loan.	Voluntary disclosure.
Tamil Nadu Act XXVI of 1957.	8. The Court may, on a petition filed by the debtor for settlement of loan including the interest therefor, pass an order for the adjustment of the interest, if any, paid by the debtor, over and above the rate of interest fixed by the Government under section 7 of the Tamil Nadu Money-lenders Act, 1957 towards the loan.	Adjustment of interest.
Tamil Nadu Act XXVI of 1957.	9. Where a debtor or any member of his family commits suicide and if it is shown that immediately prior to such suicide the debtor or any member of his family was subjected to molestation by any person, the person who has advanced loan shall, unless the contrary is proved, be deemed to have abetted the commission of such suicide.	Abetment of suicide.
	<i>Explanation.</i> —For the purpose of this section, “member of family” means the spouse, unmarried daughter or unmarried son.	
	10. Notwithstanding anything contained in any other law for the time being in force, the court fee payable in respect of a petition under this Ordinance shall be rupees one hundred.	Court fees.
Tamil Nadu Act XXVI of 1957.	11. The provisions of section 12 of the Tamil Nadu Money-lenders Act, 1957 shall not apply in respect of offences under this Ordinance. The provisions of this Ordinance shall be in addition to and not in derogation to the provisions of any other law for the time being in force.	Ordinance not to be in derogation to other laws.
Tamil Nadu Act XXVI of 1957.	12. Subject to the provisions of this Ordinance, the provisions of the Tamil Nadu Money-lenders Act, 1957 in so far as they are applicable to money-lenders shall <i>mutatis mutandis</i> apply to a person referred to in section 3 of this Ordinance.	Application of provisions of Tamil Nadu Money-lenders Act, 1957.
Tamil Nadu Act XXVI of 1957.	<i>Explanation.</i> —Where an act of a person constitutes offences under this Ordinance and under the Tamil Nadu Money-lenders Act, 1957, prosecution shall be launched under this Ordinance.	

9th June 2003.

P. S. RAMAMOHAN RAO,

*Governor of Tamil Nadu.*

**EXPLANATORY STATEMENT.**

In order to obviate the difficulties experienced by the public at large, falling prey to any person charging exorbitant interest like daily vatti, hourly vatti, kandhu vatti, meter vatti and thandal, the Government have decided to prohibit lending money for such exorbitant interest and to provide for stringent punishment therefor and decided to enact a new legislation for the purpose.

2. The Ordinance seeks to give effect to the above decision.

(By order of the Governor)

**A. KRISHNANKUTTY NAIR,**  
*Secretary to Government,*  
*Law Department.*