The Tamil Nadu Co-Operative Land Development Banks Act, 1934

Act 10 of 1934

Keyword(s):
State Land Development Bank, Primary Land Development Bank, Trustee, Small Farmer

Amendment appended: 35 of 1979

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PREAMBLE. (Omitted.)

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1 These words were substituted for the word "Madras" by the Tamil Nadu Adaptation of Laws, Order, 1969, as amended by the Tamil Nadu Adaptation of Laws Second Amendment) Order, 1969, which came into force on the 14th January 1969.
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[TAMIL NADU] ACT No. X OF 1934.

[THE 8[TAMIL NADU CO-OPERATIVE LAND DEVELOPMENT BANKS ACT], 1934.]

(Received the assent of the Governor on the 17th May 1934, and that of the Governor-General on the 8th July 1934; the assent of the Governor-General was first published in the Fort St. George Gazette of the 31st July 1934.)

An Act to facilitate the working of Co-operative ['Land Development Banks] in the 8[State of Tamil Nadu].

1 These words were substituted for the word “Madras” by the Tamil Nadu Adaptation of Laws Order, 1969, as amended by the Tamil Nadu Adaptation of Laws (Second Amendment) Order, 1969, which came into force on the 14th January 1969.

2 For Statement of Objects and Reasons, see Fort St. George Gazette, dated the 7th February 1933—Part IV, pages 20—22.

This Act was extended to the merged State of Pudukkottai by section 3 of, and the First Schedule to, the Tamil Nadu Merged States (Laws) Act, 1949 (Tamil Nadu Act XXXV of 1949).

This Act was extended to the Kanyakumari district and the Shencottah taluk of the Tirunelveli district by section 3 of, and the Schedule to, the Tamil Nadu (Transferred Territory) Extension of Laws Act, 1957 (Tamil Nadu Act XXII of 1957), repealing the corresponding law in force in that territory.

So much of this Act as was in force on the date of the commencement of the Tamil Nadu (Added Territories) Extension of Laws Act, 1962 (Tamil Nadu Act 14 of 1962) in the State of Madras except in the added territories was extended to the added territories by section 3 of, and the First Schedule to, the latter Act.

3 These words were substituted for the words “Tamil Nadu Co-operative Land Mortgage Banks Act” by section 2 (3) of the Tamil Nadu Co-operative Land Mortgage Banks (Amendment) Act, 1969 (Tamil Nadu Act 14 of 1969).

4 These words were substituted for the words “Land Mortgage Banks” by section 2 (1), ibid.

5 This expression was substituted for the expression “Presidency of Madras” by the Tamil Nadu Adaptation of Laws Order, 1970, which was deemed to have come into force on the 14th January 1969.

6 The preamble was omitted by section 2 (2) of the Tamil Nadu Co-operative Land Mortgage Banks (Amendment) Act, 1969 (Tamil Nadu Act 14 of 1969).
CHAPTER I.

Preliminary.

Short title. 1. This Act may be called the "Tamil Nadu Co-operative Land Development Banks Act", 1934.

Extent. 2. It extends to the whole of the "State of Tamil Nadu".

Definitions. 3. In this Act, unless there is anything repugnant in the subject or context—

(a) 'Board' means the Board of Directors of the (State Land Development Bank);

(b) 'State Land Development Bank' means the "Tamil Nadu Co-operative State Land Development Bank, Limited";

(c) 'committee' means in relation to the 'primary land development bank', the Board of Directors or Board of Management or the panchayat or the committee of management or the governing body to whom the management of its affairs is entrusted;

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1 The words 'Tamil Nadu' were substituted for the word 'Madras' in the short title by the Tamil Nadu Adaptation of Laws Order, 1969, as amended by the Tamil Nadu Adaptation of Laws (Second Amendment) Order, 1969, and these words were substituted for the words "Tamil Nadu Co-operative Land Mortgage Banks Act" by section 2 (3) of the Tamil Nadu Co-operative Land Mortgage Banks (Amendment) Act, 1969 (Tamil Nadu Act 14 of 1969).

2 This expression was substituted for the expression "Presidency of Madras" by the Tamil Nadu Adaptation of Laws Order, 1970, which was deemed to have come into force on the 14th January 1969.

3 This expression was substituted for the expression "Central Mortgage Bank" by section 4 of the Tamil Nadu Co-operative Land Mortgage Banks (Amendment) Act, 1969 (Tamil Nadu Act 14 of 1969).

4 This clause was substituted for the original clause (b) by section 3 (1), ibid.

5 This expression was substituted for the expression "mortgage bank" by section 4, ibid.
(d) 'primary land development bank' means a co-operative primary land development bank registered or deemed to be registered under the [Tamil Nadu] Co-operative Societies Act, 1961 [(Tamil Nadu) Act 53 of 1961], and admitted as a member of the State Land Development Bank;

(e) 'prescribed' means prescribed by rules made by the [State Government] under this Act;

(f) 'Registrar' means the person appointed by the State Government to be the Registrar of Co-operative Societies for the State of Tamil Nadu under section 3 of the [Tamil Nadu] Co-operative Societies Act, 1961 [(Tamil Nadu) Act 53 of 1961] or any other person on whom all or any of the powers of a Registrar are conferred under the said Act;

(ff) 'small farmer' means a person owning or cultivating one hectare of land or less;

(g) 'Trustee' means the Trustee referred to in section 5.

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1 This clause was substituted for the original clause (d) by section 3(2) of the Tamil Nadu Co-operative Land Mortgage Banks (Amendment) Act, 1969 (Tamil Nadu Act 14 of 1969).

2 These words were substituted for the word "Madras" by the Tamil Nadu Adaptation of Laws Order, 1969, as amended by the Tamil Nadu Adaptation of Laws (Second Amendment) Order, 1969.

3 The words "Provincial Government" were substituted for the words "Local Government" by the Adaptation Order of 1937 and the word "State" was substituted for "Provincial" by the Adaptation Order of 1950.

4 This clause was substituted for the original clause (f) by section 3(3) of the Tamil Nadu Co-operative Land Mortgage Banks (Amendment) Act, 1969 (Tamil Nadu Act 14 of 1969).

5 This clause was inserted by section 3(4), ibid.
CHAPTER I-A.

Land Development Banks, Board and Committee.

3-A. (1) There shall be a State Land Development Bank for the State of Tamil Nadu and as many primary land development banks as may be deemed necessary.

(2) On and from the date of the commencement of the Tamil Nadu Co-operative Land Mortgage Banks (Amendment) Act, 1969 (hereinafter referred to as the Amendment Act), the existing Madras Co-operative Central Land Mortgage Bank Limited shall be deemed to be, and shall be, the State Land Development Bank.

(3) The Board shall consist of such number of members to be elected and nominated, as may be prescribed:

Provided that representation in the Board shall be given to the weaker sections of society such as small farmers, Scheduled Castes and Scheduled Tribes:

Provided also that the number of nominated members shall not exceed one-fifth of the total number of members of the Board:

Provided further that the Board constituted for the first time after the date of commencement of the Amendment Act shall include the [existing members of the Board of Directors of] the Madras Co-operative Central Land Mortgage Bank until the expiry of their existing term of office.

(4) On and from the date of the commencement of the Amendment Act, every primary land mortgage bank in existence shall be deemed to be, and shall be, a primary land development bank and a member of the State Land Development Bank.

1 Chapter I-A was inserted by section 5 of the Tamil Nadu Co-operative Land Mortgage Banks (Amendment) Act, 1969 (Tamil Nadu Act 14 of 1969).

2 These words were substituted for the words “existing members of” by section 2 of the Tamil Nadu Co-operative Land Development Banks (Amendment) Act, 1970 (Tamil Nadu Act 4 of 1970).
(5) Every new primary land development bank registered after the date of the commencement of the Amendment Act shall, on such registration, be deemed to be, and shall be, a member of the State Land Development Bank:

Provided that any primary land development bank may, with the approval of the Registrar, be removed from membership of the State Land Development Bank by a resolution of the Board and any application for obtaining such approval shall be made within two months from the date of registration of the primary land development bank.

3-B.[(1)]The election of the members of the Board in respect of each district shall be held at a meeting of the [presidents] of the primary land development banks in that district, at such place and at such time as may be fixed by the State Government or any officer authorised by the State Government and shall be conducted in the manner prescribed.

[(2) The election of a person as a member of the Board shall not be called in question on the ground of the existence of any vacancy for whatever reason among the presidents of the primary land development banks.]

3-C. (1) The State Government may appoint an executive officer for the State Land Development Bank or a manager for any primary land development bank for the purpose of safeguarding the interest of the shareholders or members, for ensuring the proper

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1Section 3-B was renumbered as sub-section (1) of that section by section 3 of the Tamil Nadu Co-operative Land Development Banks (Amendment) Act, 1970 (Tamil Nadu Act 4 of 1970).

* This word was substituted for the word “delegates” by section 3(i), ibid.

* This sub-section was added by section 3(ii), ibid.
utilisation of the amounts guaranteed by the State Government, for reducing the overdues of the bank, for improving the efficiency of the administration of the bank, or for such other purpose as the State Government may, by general or special order, specify:

Provided that such power shall be exercised after consulting the bank concerned.

(2) The executive officer and the manager shall belong to such cadre, class or category and shall hold such qualifications and exercise such powers and perform such functions as may be prescribed.

3-D. The loans which may be granted by a primary land development bank or the State Land Development Bank shall relate to such purposes pertaining to development of land as may be prescribed.

3-E. The State Land Development Bank or any primary land development bank may function as the agent of any co-operative bank subject to such conditions as the Registrar may, by general or special order, specify.

3-F. The State Government may make rules not inconsistent with this Chapter—

(i) for the number of members to be elected and nominated to the Board and their term of office;

(ii) for the manner of election and nomination of members to the Board and their removal;

(iii) for the election of office-bearers to the Board;

(iv) for the qualifications, powers and functions of the executive officer and manager;

(v) for the purposes for which loans may be sanctioned.]
4. (1) (a) With the previous sanction of the issue of debentures by the Board, the Board may issue debentures of one or more denominations for such periods as it may deem expedient on the security of the mortgages and other assets transferred or deemed under the provisions of section 23-A to have been transferred by the primary land development banks to the State Land Development Bank and of the other properties of such Bank.

(b) Such debentures may contain a term fixing a period not exceeding ten years from the date of issue during which they shall be irredeemable, or reserving to the Board the right to call in at any time any of the debentures in advance of the date fixed for redemption after giving to the debenture-holder concerned not less than three months' notice in writing.

(2) The total amount due on the debentures issued by the Board (including those issued before the commencement of this Act) and outstanding at any time shall not exceed the aggregate of (a) the amounts due on the mortgages, and the value of the other assets, transferred or deemed under the provisions of section 23-A to have been transferred by the primary land development banks to the State Land Development Bank

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1 This expression was inserted by section 2(i) of the Madras Co-operative Land Mortgage Banks (Amendment) Act, 1950 (Madras Act IX of 1950).

2 This expression was substituted for the expression “mortgage banks” by section 4 of the Tamil Nadu Co-operative Land Mortgage Banks (Amendment) Act, 1969 (Tamil Nadu Act 14 of 1969).

3 This expression was substituted for the expression “Central Mortgage Bank” by ibid.

4 This was substituted for the words “the total amount due on the mortgages, the amounts paid thereunder and remaining in the hands of the Board or of the Trustee at such time and the value of all other assets transferred by the mortgage banks to the Central Mortgage Bank and subsisting at that time” by section 2(ii) of the Madras Co-operative Land Mortgage Banks (Amendment) Act, 1950 (Madras Act IX of 1950).
Appoint-
ment of
Trustee
and his
powers and
functions.

Guarantee
by State
Government
of principal
of, and
interest on,
debentures
issued under
section 4.

5. The Registrar, or where the [State Government] appoint any other person in this behalf such person, shall be the Trustee for the purpose of securing the fulfilment of the obligations of the [State Land Development Bank] to the holders of debentures issued by the Board. The mortgages and other assets transferred (or deemed under the provisions of section 23-A to have been transferred) by the [primary land development banks] to the [State Land Development Bank] shall vest in the Trustee from the date of such transfer. The holders of the debentures shall have a floating charge on all such mortgages and assets, on the amount paid under such mortgages and remaining in the hands of the Board or of the Trustee and on the other properties of the [State Land Development Bank]. The powers and functions of the Trustee shall be governed by the instrument of trust executed between the Bank and the Trustee as modified from time to time by mutual agreement between the Board and the Trustee.

6. (1) The principal of, and interest on, the debentures issued under section 4 to such maximum amount as may be fixed by the [State Government] and subject to such conditions as they may think fit to impose shall, subject to the provisions of sub-section (3), carry the guarantee of the [State Government]

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1 The words "Provincial Government" were substituted for the words "Local Government" by the Adaptation Order of 1937 and the word "State" was substituted for "Provincial" by the Adaptation Order of 1950.

2 This expression was substituted for the expression "Central Mortgage Bank" by section 4 of the Tamil Nadu Co-operative Land Mortgage Banks (Amendment) Act, 1969 (Tamil Nadu Act 14 of 1969).

3 This expression was inserted by section 3 of the Madras Co-operative Land Mortgage Banks (Amendment) Act, 1950 (Madras Act IX of 1950).

4 This expression was substituted for the expression "mortgage banks" by section 4 of the Tamil Nadu Co-operative Land Mortgage Banks (Amendment) Act, 1969 (Tamil Nadu Act 14 of 1969).
(2) The "State Government" may, after consult-
ing both (Houses) of the (State) Legislature, increase the maximum amount of any guarantee given by them.

(3) The "State Government" may, after consult-
ing the Board and the Trustee—

(a) by notification in the "Official Gazette", and
(b) by notice for not less than fourteen days in such of the principal newspapers in the [State of Tamil Nadu] and of [other States] as the "State Government" may select in this behalf, discontinue any guarantee given by them or restrict the maximum amount thereof or modify the conditions subject to which it is given, with effect from a specified date, not being earlier than six months from the date of publication of the notification in the "Official Gazette".

In cases where the maximum amount of the guarantee is to be restricted or the conditions subject to which the guarantee is given are to be modified, the notification and notice aforesaid shall set forth with sufficient clearness the scope and effect of the restriction or modification.

*Explanation.*—The withdrawal, restriction or modification of any guarantee under this sub-section, shall not affect in any way the guarantee carried by any

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1. The words "Provincial Government" were substituted for the words "Local Government" by the Adaptation Order of 1937 and the word "State" was substituted for "Provincial" by the Adaptation Order of 1950.
2. These words were substituted for the words "the Legislative Council" by the Adaptation Order of 1937.
3. This word was substituted for the word "Chambers" by the Adaptation (Amendment) Order of 1950.
4. This word was substituted for the word "Provincial" by the Adaptation Order of 1950.
5. The words "Provincial Government" were substituted for the words "Local Government" by the Adaptation Order of 1937 and the word "State" was substituted for "Provincial" by the Adaptation Order of 1950.
6. These words were substituted for the words "Fort St. George Gazette" by the Adaptation Order of 1937.
7. This expression was substituted for the expression "State of Madras" by the Tamil Nadu Adaptation of Laws Order, 1969, as amended by the Tamil Nadu Adaptation of Laws (Second Amendment) Order, 1969, which came into force on the 14th January 1969.
8. These words were substituted for the words "the other Provinces in British India" by the Adaptation (Amendment) Order of 1950.
debentures issued prior to the date on which such withdrawal, restriction or modification takes effect.

7. The [State Government] may, in their discretion, guarantee the principal of, and the interest on, any debentures issued before the commencement of this Act by the Board, subject to such conditions as the [State Government] may think fit to impose.

8. The Board may, subject to the approval of the Trustee, make regulations not inconsistent with the provisions of this Chapter—

(i) for fixing the period of debentures and rate of interest payable thereon;

(ii) for calling in debentures after giving notice to debenture-holders;

(iii) for the issue of new debentures in place of debentures damaged or destroyed;

(iv) for converting one class of debentures into another bearing a different rate of interest; and

(v) generally for carrying out the provisions of this Chapter.

CHAPTER III.

Distrain and Sale of Produce.

9. (1) If any instalment payable under a mortgage executed in favour of a [primary land development bank] or any part of such instalment has remained unpaid for more than one month from the date on which it fell due, the committee may, in addition to any other remedy available to the bank, apply to the Registrar or to any person appointed by the [State Government] under section 3 of the Madras Co-operative Societies Act, 1932,* to assist the Registrar, for the

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1 The words "Provincial Government" were substituted for the words "Local Government" by the Adaptation Order of 1937 and the word "State" was substituted for "Provincial" by the Adaptation Order of 1950.

2 This expression was substituted for the expression "mortgage bank" by section 4 of the Tamil Nadu Co-operative Land Mortgage Banks (Amendment) Act, 1969 (Tamil Nadu Act 14 of 1969).

* See now the Tamil Nadu Co-operative Societies Act, 1961 (Tamil Nadu Act 53 of 1961).
recovery of such instalment, or part by distraint and sale of the produce of the mortgaged land including the standing crops thereon. On receipt of such application, the Registrar or such person may, notwithstanding anything contained in the Transfer of Property Act, 1882, take such action as is necessary to distraint and sell such produce:

Provided that no distraint shall be made after the expiry of twelve months from the date on which the instalment fell due.

(2) The distress shall not be excessive; the value of the property distraint shall be as nearly as possible, equal to the amount due and the expenses of the distraint and the cost of the sale.

10. (1) Before or at the time when a distraint is made under section 9, the distrainer shall serve or cause to be served upon the defaulter a written demand specifying the amount for which the distraint is made.

(2) The demand shall be dated and signed by the distrainer and shall be served upon the defaulter by delivering a copy to him or to some adult male member of his family at his usual place of abode or to his authorized agent, or when such service cannot be effected, by affixing a copy of the demand on some conspicuous part of his abode and of his land.

11. (1) If, within fifteen days from the date of service of the demand referred to in section 10, the defaulter does not pay the amount for which the distraint was effected, the distrainer may sell in auction the distrainted property or such part thereof as may in his opinion be necessary to satisfy the demand together with the expenses of the distraint and the costs of the sale.

(2) From the proceeds of such sale, a deduction shall be made at a rate not exceeding \([\text{seven naye paise}]\) in the rupee on account of the costs of the sale.

These words were substituted for the words "one anna" by section 2 of, and the Schedule to, the Tamil Nadu Coinage (Alteration of References) Act, 1960 (Tamil Nadu Act 9 of 1960).
(3) From the balance shall be deducted the expenses incurred by the distrainer on account of the distraint.

(4) The remainder, if any, shall be applied to the discharge of the amount for which the distraint was made.

(5) The surplus, if any, shall be delivered to the person whose property has been sold and he shall be given a receipt for the amount discharged from the proceeds of the sale.

12. The [State Government] may make rules not inconsistent with this Chapter—

(i) for the manner of effecting distraint;

(ii) for the custody, preservation and sale of the distrained property;

(iii) for the investigation of claims by persons other than the defaulter to any right or interest in the distrained property; and for the postponement of the sale pending such investigation;

(iv) for the immediate sale of perishable articles; and

(v) generally for the purpose of carrying out the provisions of this Chapter.

CHAPTER IV.

Power of Sale.

13. (1) Notwithstanding anything contained in Central the Transfer of Property Act, 1882, or in the Act IV Trustees and Mortgagees' Powers Act, 1866, where a of 1882. power of sale without the intervention of the Court is by Central the Adaptation Order of 1866.

1 The words "Provincial Government" were substituted for the words "Local Government" by the Adaptation Order of 1937 and the word "State" was substituted for "Provincial" by the Adaptation Order of 1950.

*Repealed by Central Act XLVIII of 1952.
expressly conferred on the primary land development bank by the mortgage deed, the committee of such bank or any person authorized by such committee in this behalf shall, in case of default of payment of the mortgage money or any part thereof, have power, in addition to any other remedy available to the bank, to bring the mortgaged property to sale without the intervention of the Court.

(2) No such power shall be exercised unless and until—

(a) the Board has previously authorized the exercise of the power conferred by sub-section (1), after hearing the objections, if any, of the mortgagor or mortgagors;

(b) notice in writing requiring payment of such mortgage money or part has been served upon—

(i) the mortgagor or each of the mortgagors;

(ii) any person who has any interest in or charge upon the property mortgaged or in or upon the right to redeem the same;

(iii) any surety for the payment of the mortgage debt or any part thereof; and

(iv) any creditor of the mortgagor who has in a suit for the administration of his estate obtained a decree for sale of the mortgaged property; and

(c) default has been made in payment of such mortgage money or part for three months after such service.

14. (1) In exercise of the power of sale conferred by section 13, the committee of the primary land development bank or any person duly authorized by such committee, may apply to the sale officer appointed

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1 This expression was substituted for the expression 'mortgage bank' by section 4 of the Tamil Nadu Co-operative Land Mortgage Banks (Amendment) Act, 1969 (Tamil Nadu Act 14 of 1969).
in that behalf under section 22 to sell the mortgaged property or any part thereof and such officer shall, after giving notice in writing to all the persons referred to in section 13 sell such property in the manner prescribed.

(2) The sale shall be by public auction and shall be held in the village where the mortgaged property is situated or at the nearest place of public resort if the sale officer is of opinion that the property is likely to sell to better advantage there.

15. (1) When a mortgaged property has been sold under this Chapter, the mortgagor or any person having a right or interest therein affected by the sale, may, at any time within thirty days from the date of sale, apply to the committee of the [primary land development bank] concerned to have the sale set aside on his depositing at the office of such bank—

(a) for payment to the [primary land development bank], the amount specified in the proclamation of sale together with subsequent interest and the costs, if any, incurred by the bank in bringing the property to sale; and

(b) for payment to the purchaser, a sum equal to five per cent of the purchase money.

(2) If such deposit is made, the committee shall make an order setting aside the sale.

(3) Where no application is made under subsection (1) or where such application is made and disallowed, the committee shall apply to the principal officer of the co-operative department in the district, to make an order confirming the sale and on such officer confirming the sale, it shall become absolute.

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This expression was substituted for the expression "mortgage bank" by section 4 of the Tamil Nadu Co-operative Land Mortgage Banks (Amendment) Act, 1969 (Tamil Nadu Act 14 of 1969).
16. (1) The proceeds of every sale under this Chapter shall be applied by the sale officer, first in payment of all costs, charges and expenses properly incurred by him as incident to the sale or any attempted sale; secondly, in payment of all interest due on account of the mortgage in consequence whereof the mortgaged property was sold; thirdly, in payment of the principal money due on account of the mortgage; and lastly, the residue, if any, shall be paid to the person proving himself interested in the property sold, or if there are more such persons than one, then to such persons according to their respective interests therein or upon their joint receipt.

(2) (a) Any person dissatisfied with the decision of the sale officer in regard to the distribution of such residue may, within thirty days of the communication to him of such decision, institute a suit in a Court to establish the right he claims.

(b) The sale officer shall not distribute such residue until thirty days have elapsed from the communication of his decision to all the persons concerned or, if a suit has been instituted within the said period of thirty days by any such person, until the suit is disposed of or otherwise than in, accordance with the decision of the Court therein.

Explanation.—In this sub-section ‘Court’ means the Civil Court which would have jurisdiction to entertain a suit to enforce the mortgage and within the limits of whose jurisdiction the property sold is situated.

17. Where a sale of mortgaged property has become absolute, the sale officer shall grant a certificate specifying the property sold and the name of the person who at the time of the sale is declared to be the purchaser. Such certificate shall bear date, the day on which the sale became absolute.

18. (1) Where the mortgaged property sold is in the occupancy of the mortgagor or of some person on his behalf or of some person claiming under a title other than a lease for a period not exceeding five years
created by the mortgagor subsequent to the mortgage in favour of the primary land development bank, and a certificate in respect thereof has been granted under section 17, the Court shall, on the application of the purchaser, order delivery to be made by putting such purchaser or any person whom he may appoint to receive delivery on his behalf, in possession of the property.

(2) Where the property sold is in the occupancy of a tenant or other person entitled to occupy the same and a certificate in respect thereof has been granted under section 17, the Court shall, on the application of the purchaser, and after notice to such tenant or other person, order delivery to be made by affixing a copy of the certificate of sale in some conspicuous place on the property and proclaiming to the occupant by beat of drum or other customary mode at some convenient place that the interest of the mortgagor has been transferred to the purchaser.

(3) In regard to the cases dealt with in subsections (1) and (2), the provisions of rules 97 to 103 of Order XXI of the first schedule to the Code of Civil Procedure, 1908, shall mutatis mutandis and so far as may be, apply.

Explanation.—In this section, “Court” shall have the same meaning as in section 16.

19. It shall be competent to a primary land development bank or the State Land Development Bank to purchase the mortgaged property sold under this Chapter, but the property so purchased shall be disposed of by such bank by sale within such period as may be fixed by the Trustee.

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1 This expression was substituted for the expression “mortgage bank” by section 4 of the Tamil Nadu Co-operative Land Mortgage Banks (Amendment) Act, 1969 (Tamil Nad. Act 14 of 1969).

2 This expression was substituted for the expression “Central Mortgage Bank” by ibid.
20. (1) The Board may, on the application of a primary land development bank and under circumstances in which the power of sale conferred by section 13 may be exercised, appoint in writing a receiver of the produce and income of the mortgaged property or any part thereof and such receiver shall be entitled either to take possession of the property or collect its produce and income, as the case may be, to retain out of any money realized by him, his expenses of management including his remuneration, if any, as fixed by the Board, and to apply the balance in accordance with the provisions of sub-section (8) of section 69-A of the Transfer of Property Act, 1882.

(2) A receiver appointed under sub-section (1) may, for sufficient cause and on application made by the mortgagor, be removed by the Board.

(3) A vacancy in the office of the receiver may be filled up by the Board.

(4) Nothing in this section shall empower the Board to appoint a receiver where the mortgaged property is already in the possession of a receiver appointed by a Civil Court.

21. When a sale has been made in professed exercise of a power of sale under section 13 and has been confirmed under sub-section (3) of section 15, the title of the purchaser shall not be impeachable on the ground that no case had arisen to authorize the sale or that due notice was not given or that the power was otherwise improperly or irregularly exercised but any person damnedified by an unauthorized or improper or irregular exercise of the power shall have his remedy in damages against the primary land development bank.

22. The Registrar may appoint sale officers for the purpose of conducting sales under this Chapter.
1 [22-A. (1) Without prejudice to any other mode of recovery which is being taken or may be taken, any sum due to a *][primary land development bank] or the *][State Land Development Bank] may be recovered as if it were an arrear of land revenue and for the purposes of such recovery the Registrar shall have the powers of a Collector under the *][Tamil Nadu]Revenue Recovery Act, 1864 (][Tamil Nadu] Act XI of 1864).

2 (2) Where any sum due to any *][primary land development bank] or the *][State Land Development Bank] is recoverable from any debtor and the immovable property of such debtor is brought to sale under the provisions of the *][Tamil Nadu] Revenue Recovery Act, 1864 (][Tamil Nadu] Act II of 1864) and the *][primary land development bank] or the *][State Land Development Bank] is the purchaser at such sale, the provisions of section 36 of the said Act shall apply thereto as if for the third clause thereof the following clause was substituted, namely:—

"Third.—The sum due to the purchaser shall be set off, in whole or in part, against the purchase money and the remainder, if any, of the purchase money shall be paid to the Collector or other officer empowered by the Collector in that behalf within thirty days of the date of sale."

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1 This section was inserted by section 2 of the Tamil Nadu Co-operative Land Mortgage Banks (Amendment) Act, 1968 (Tamil Nadu Act 17 of 1968).

2 This expression was substituted for the expression "mortgage bank " by section 4 of the Tamil Nadu Co-operative Land Mortgage Banks (Amendment) Act, 1969 (Tamil Nadu Act 14 of 1969).

3 This expression was substituted for the expression "Central Mortgage Bank " by *][Tamil Nadu Adaptation of Laws (Second Amendment) Order, 1969, which came into force on the 14th January 1969.}
23. The ['State Government'] may make rules not inconsistent with this Chapter—

(i) for the due proclamation and conduct of the sale;

(ii) for the recovery of the expenses of proclamation and sale;

(iii) for the deposit of the purchase money;

(iv) for the resale of the property, if the purchase money is not deposited; and

(v) generally for carrying out the provisions of this Chapter.

CHAPTER V.

Miscellaneous.

[23-A. The mortgages executed in favour of, and all other assets transferred to, a ['primary land development bank'] by the members thereof shall, with effect from the date of such execution or transfer, be deemed to have been transferred by such ['primary land development bank'] to the ['State Land Development Bank'].

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1 The words "Provincial Government" were substituted for the words "Local Government" by the Adaptation Order of 1937 and the word "State" was substituted for "Provincial" by the Adaptation Order of 1950.

2 This section was inserted by section 4 of the Madras Co-operative Land Mortgage Banks (Amendment) Act, 1950 (Madras Act IX of 1950).

3 This expression was substituted for the expression "mortgage bank" by section 4 of the Tamil Nadu Co-operative Land Mortgage Banks (Amendment) Act, 1969 (Tamil Nadu Act 14 of 1969).

4 This expression was substituted for the expression "Central Mortgage Bank" by ibid.
24. Where any property mortgaged to a 'primary land development bank' is wholly or partially destroyed or the security is rendered insufficient and the mortgagor, having been given a reasonable opportunity by the committee of the 'primary land development bank', of providing further security enough to render the whole security sufficient or of repaying such portion of the loan as may be determined by the committee, has failed to provide such security or to repay such portion of the loan, the whole of the loan shall be deemed to fall due at once and the committee shall be entitled to take action against the mortgagor under section 9 or section 13 for the recovery thereof.

Explanation.—A security is insufficient within the meaning of this section unless the value of the mortgaged property exceeds the amount for the time being due on the mortgage by such proportion as may be specified in the by-laws of the 'primary land development bank'.

25. (1) The Board or the Trustee may direct the committee of a 'primary land development bank' to take action against a defaulter under section 9, section 13 or section 24 and if the committee neglects or fails to do so, the Board or the Trustee may take such action.

(2) (a) Where such action is taken by the Board, the provisions of this Act and of any rules or regulations made thereunder shall apply in respect thereto as if all references to the 'primary land development bank' and to its committee in the said provisions were references to the 'State Land Development Bank' and the Board respectively.

(b) Where such action is taken by the Trustee, the provisions of this Act and of any rules or regulations made thereunder shall apply in respect thereto as if

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1 This expression was substituted for the expression "mortgage bank" by section 4 of the Tamil Nadu Co-operative Land Mortgage Banks (Amendment) Act, 1969 (Tamil Nadu Act 14 of 1969).

2 This expression was substituted for the expression "Central Mortgage Bank" by ibid.
all references to the '[primary land development bank]' or to its committee in the said provisions were references to the Trustee.

26. Notwithstanding anything contained in the Transfer of Property Act, 1882, the duration of any lease executed by a mortgagor of property mortgaged to a '[primary land development bank]' after the execution of the mortgage shall in no case exceed five years.

27. Notwithstanding anything contained in the Presidency Towns Insolvency Act, 1909, or the Provincial Insolvency Act, 1920, a mortgage executed in favour of a '[primary land development bank]' shall not be called in question on the ground that it was not executed in good faith for valuable consideration or on the ground that it was executed in order to give the '[primary land development bank]' a preference over the other creditors of the mortgagor.

28. '[(1)] A mortgage executed in favour of a '[primary land development bank]' after the commencement of this Act shall have priority over any claim of the Government arising from a loan under the Land Improvement Loans Act, 1883, granted after the execution of the mortgage.

'[2] Without prejudice to the provisions of sub-section (1), and notwithstanding anything contained in the ['Tamil Nadu'] Co-operative Societies Act, 1961 (['Tamil Nadu'] Act 53 of 1961) or in any other law for the time being in force, a mortgage executed

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1 This expression was substituted for the expression "mortgage bank by section 4 of the Tamil Nadu Co-operative Land Mortgage Banks (Amendment) Act, 1969 (Tamil Nadu Act 14 of 1969).

2 Section 28 was renumbered as sub-section (1) of that section and this marginal heading was substituted by section 3 (a) of the Tamil Nadu Co-operative Land Mortgage Banks (Amendment) Act, 1968 (Tamil Nadu Act 17 of 1968).

3 This sub-section was added by section 3 (b), ibid.

4 These words were substituted for the word "Madras" by the Tamil Nadu Adaptation of Laws Order, 1969, as amended by the Tamil Nadu Adaptation of Laws (Second Amendment) Order, 1969.
in favour of a primary land development bank after the 4th day of July 1968, shall, subject to the claim of the Government in respect of land revenue, have priority over all other claims against the property secured by such mortgage.]

28.-A. A primary land development bank shall, before advancing any loan on the security of any immovable property, verify encumbrances, if any, for a period of thirteen years immediately preceding the date of advance of such loan affecting such immovable property.

29. Where a mortgage is executed in favour of a primary land development bank for payment of prior debts of the mortgagor, the bank may, notwithstanding the provisions of sections 83 and 84 of the Transfer of Property Act, 1882, by notice in writing require any person to whom any such debt is due to receive payment of such debt or part thereof from the bank at its registered office within such period as may be specified in the notice. If any such person fails to receive such notice or such payment, such debt or part thereof, as the case may be, shall cease to carry interest from the expiration of the period specified in the notice:

Provided that where there is a dispute as regards the amount of any such debt, the person to whom such debt is due shall be bound to receive payment of the

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1 This expression was substituted for the expression "mortgage bank" by section 4 of the Tamil Nadu Co-operative Land Mortgage Banks (Amendment) Act, 1969 (Tamil Nadu Act 14 of 1969).

2 This section was inserted by section 4 of the Tamil Nadu Co-operative Land Mortgage Banks (Amendment) Act, 1968 (Tamil Nadu Act 17 of 1968).

3 The words within square brackets were inserted by section 2 of the Madras Co-operative Land Mortgage Banks (Amendment) Act, 1935 (Madras Act XVII of 1935).
amount offered by the primary land development bank towards the debt, but such receipt shall not prejudice the right, if any, of such person, to recover the balance claimed by him.

29-A. (1) Subject to such restrictions, limitations and conditions as may be prescribed, the Registrar and persons subordinate to the Registrar who are authorized by him in this behalf by general or special order in writing, and such other persons, being officials engaged in the relief of rural indebtedness or officers of co-operative banks which are registered or deemed to be registered under the Madras Co-operative Societies Act, 1932*, as the (State) Government may, by notification in the Fort St. George Gazette authorize in this behalf, shall have the same powers as are vested in a Court under the Code of Civil Procedure, 1908, when trying a suit, in respect of the following matters, namely:

(a) enforcing the attendance of any person and examining him on oath or affirmation;

(b) compelling the production of documents;

and

(c) issuing commissions for the examination of witnesses.

(2) Any of the officers or persons authorized by or under sub-section (1) may require any person present before him to furnish any information or to produce any document then and there in his possession or power.

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* This expression was substituted for the expression "mortgage bank" by section 4 of the Tamil Nadu Co-operative Land Mortgage Banks (Amendment) Act, 1969 (Tamil Nadu Act 14 of 1969).

* Section 29-A was inserted by section 2 of the Madras Co-operative Land Mortgage Banks (Amendment) Act, 1939 (Madras Act XXIII of 1939).

* This word was substituted for the word "Provincial" by the Adaptation Order of 1950.

* Now see the Tamil Nadu Co-operative Societies Act, 1961 (Tamil Nadu Act 53 of 1961).
(3) Any officer or person before whom any document is produced under sub-section (1) or sub-section (2) shall have power to take, or to authorize the taking of, such copies of the document or of any entries therein as such officer or person may consider necessary. Copies so taken shall when certified in such manner as may be prescribed, be admissible in evidence for any purpose in the same manner and to the same extent as the original document or the entries therein as the case may be.

(4) (a) Any person who wilfully or without reasonable excuse disobeys any summons, requisition or order issued under sub-section (1) or sub-section (2), shall be punishable with fine which may extend to fifty rupees and in the case of a continuing disobedience with an additional fine which may extend to five rupees for every day during which such disobedience continues after conviction for the last such disobedience.

(b) No Court inferior to that of a *Presidency Magistrate or a *Magistrate of the first class shall try any offence under clause (a).

(c) Every offence under clause (a) shall, for the purposes of the Code of Criminal Procedure, Act V of 1898, be deemed to be non-cognizable.

(d) No prosecution shall be instituted under clause (a) without the previous sanction—

(i) of the Registrar in case the summons, requisition or order alleged to have been disobeyed was issued by the Registrar or any person subordinate to him or by any officer of a co-operative bank; and

(ii) of the Collector of the district in other cases.

*According to clauses (a) and (c) of sub-section (3) of section 3 of the Code of Criminal Procedure, 1973 (Central Act 2 of 1974), which came into force on the 1st April 1974, any reference to a magistrate of the first class shall be construed as a reference to a Judicial Magistrate of the First Class and any reference to a Presidency Magistrate shall be construed as a reference to a Metropolitan Magistrate.

Such sanction shall not be given without giving the party concerned an opportunity to be heard.

(5) The [State] Government shall have power to make rules for giving effect to the provisions of this section.

30. (1) Notwithstanding anything contained in the Indian Registration Act, 1908, it shall not be necessary for any Director, Secretary or other officer of a [primary land development bank] or of the [State Land Development Bank] to appear in person or by agent at any registration office in any proceeding connected with the registration of any instrument executed by him in his official capacity or to sign as provided in section 58 of that Act.

(2) Where any instrument is so executed, the registering officer to whom such instrument is presented for registration may, if he thinks fit, refer to such Director, Secretary or officer for information respecting the same, and, on being satisfied of the execution thereof, shall register the instrument.

31. [Notwithstanding that a mortgage executed in favour of a [primary land development bank] has been transferred, or is deemed under the provision of section 23-A to have been transferred, to the [State Land Development Bank]]—

(a) all moneys due under the mortgage shall, in the absence of any specific direction to the contrary issued by the Board or Trustee and communicated to

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1 This word was substituted for the word "Provincial" by the Adaptation Order of 1950.

2 This expression was substituted for the expression "mortgage bank" by section 4 of the Tamil Nadu Co-operative Land Mortgage Banks (Amendment) Act, 1969 (Tamil Nadu Act 14 of 1969).

3 This expression was substituted for the expression "Central Mortgage Bank" by ibid.

4 This expression was substituted for the words "Notwithstanding the transfer of a mortgage by a mortgage bank to the Central Mortgage Bank" by section 5 of the Madras Co-operative Land Mortgage Banks (Amendment) Act, 1950 (Madras Act IX of 1950).
the mortgagor, be payable to the "[primary land development bank] and such payment shall be as valid as if the mortgage had not been so transferred; and

(b) the "[primary land development bank] shall, in the absence of any specific direction to the contrary issued by the Board or Trustee and communicated to the "[primary land development bank], be entitled to sue on the mortgage or take any other proceeding for the recovery of the moneys due under the mortgage.

1[32. (1) Where a mortgage executed in favour of a "[primary land development bank] either before or after the passing of this Act is called in question on the ground that it was executed by the manager of a joint Hindu family or the karnavan of a Marumakkattayam tarwad or tavazhi or of a Nambudri illom, or the manager of a Thiyya or Ezhava family, or the ejaman or ejamanthi of an Aliyasantana family, for a purpose not binding on the members thereof, whether majors or minors, the burden of proving the same shall, notwithstanding any law to the contrary, be on the party raising it.

(2) A mortgage executed in favour of a "[primary land development bank] by the manager of a joint Hindu family or the karnavan of a Marumakkattayam tarwad or tavazhi or of a Nambudri illom or the manager of a Thiyya or Ezhava family or the ejaman or ejamanthi of an Aliyasantana family shall be binding on the members thereof, whether majors or minors, if the loan secured by the mortgage was granted for any of the following purposes, namely:

(a) the improvement of agricultural land or of the methods of cultivation; and

(b) the purchase of land.]
2[32-B. Any primary land development bank or the State Land Development Bank may grant copies of any document obtained and kept by it in the course of its business, or of any entries in such document; and any copy so granted shall, when certified in such manner as may be prescribed, be admissible in evidence for any purpose in the same manner and to the same extent as the original document, or the entries therein, as the case may be.]

33. The provisions of Chapters III and IV shall apply also to the loans advanced by primary land development banks from funds which have not been borrowed from the State Land Development Bank.

34. Whenever under the provisions of this Act notice is required to be given to any person in writing, it shall be sufficient to send such notice by registered post.

35. The provisions of sections 102 and 103 of the Transfer of Property Act, 1882, and of any rules made by the High Court under section 104 of that Act for carrying out of the purposes of the said sections shall apply, so far as may be, in respect of all notices to be served under this Act.

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1 Section 32-A which was inserted by section 7 of the Madras Co-operative Land Mortgage Banks (Amendment) Act, 1950 (Madras Act IX of 1950) was omitted by clause 3 of, and the Schedule to, the Madras Adaptation of Laws Order, 1957.

2 This section was inserted by section 2 of the Madras Co-operative Land Mortgage Banks (Second Amendment) Act, 1950 (Madras Act XXII of 1950).

3 This expression was substituted for the expression "mortgage bank" by section 4 of the Tamil Nadu Co-operative Land Mortgage Banks (Amendment) Act, 1969 (Tamil Nadu Act 14 of 1969).

4 This expression was substituted for the expression "Central Mortgage Bank" by ibid.

5 This expression was substituted for the expression "mortgage banks" by ibid.
36. At any sale of movable or immovable property held under the provisions of this Act in order to recover any money due to a primary land development bank, no Director, Secretary or other officer of such bank or of the State Land Development Bank (except on behalf of the bank of which he is a Director or an officer) and no sale officer or other person having any duty to perform in connexion with such sale, shall either directly or indirectly, bid for or acquire or attempt to acquire any interest in such property.

36-A. On and from the date of the commencement of the Amendment Act, all assets and liabilities of the existing Madras Co-operative Central Land Mortgage Bank and the existing mortgage banks shall stand transferred to, and vest in, the State Land Development Bank and the primary land development banks respectively.

37. The Board may, if it thinks fit, delegate all or any of its powers under sections 13, 20 and 25 to an executive committee constituted by it and consisting of two or more of its members.

38. Notwithstanding anything contained in the Madras Co-operative Societies Act, 1932*, or the rules made thereunder, the Board shall have a general power of supervision over the primary land development banks and may make regulations not inconsistent with this Act or the rules made thereunder—

(a) for the inspection of the account books and proceedings of the primary land development banks;

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1 This expression was substituted for the expression “mortgage banks” by section 4 of the Tamil Nadu Co-operative Land Mortgage Banks (Amendment) Act, 1969 (Tamil Nadu Act 14 of 1969).
2 This expression was substituted for the expression “Central Mortgage Bank” by ibid.
3 This expression was substituted for the expression “mortgage bank” by ibid.
4 This section was inserted by section 6, ibid.
5 Now see the Tamil Nadu Co-operative Societies Act, 1961 (Tamil Nadu Act 53 of 1961).
(b) for the submission of returns and reports by 1[primary land development banks] in respect of their transactions;

(c) for the periodical settlement of accounts between 1[primary land development banks] and the 1[State Land Development Bank] and for the payment of the amounts recovered by 1[primary land development banks] on mortgages transferred 1[or deemed under the provisions of section 23-A to have been transferred] to the 1[State Land Development Bank];

(d) prescribing the form in which applications to 1[primary land development banks] for loans should be made and for the valuation of the properties offered as security for such loans;

(e) for the investment of moneys realized from the mortgagors; and

(f) generally for the purpose of safeguarding the interests of the parties concerned and for carrying out the purposes of this Act.

4| 38-A. (1) All rules made under this Act shall be published in the Fort St. George Gazette and, unless they are expressed to come into force on a particular day, shall come into force on the day on which they are so published.

(2) Every rule made under this Act shall, as soon as possible after it is made, be placed on the table of both Houses of the Legislature, and if, before the expiry of the session in which it is so placed or the

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1This expression was substituted for the expression “mortgage banks” by section 4 of the Tamil Nadu Co-operative Land Mortgage Banks (Amendment) Act, 1969 (Tamil Nadu Act 14 of 1969).

2This expression was substituted for the expression “Central Mortgage Bank” by ibid.

3These words, figures and letter were inserted by section 8 of the Madras Co-operative Land Mortgage Banks (Amendment) Act, 1960 (Madras Act IX of 1960).

4Sections 38-A, 38-B and 38-C were added by section 7 of the Tamil Nadu Co-operative Land Mortgage Banks (Amendment) Act, 1969 (Tamil Nadu Act 14 of 1969).
next session, both Houses agree in making any modification in any such rule or both Houses agree that the rule should not be made, the rule shall thereafter have effect only in such modified form or be of no effect, as the case may be, so however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that rule.

138-B. References to a "Central Mortgage Bank" and "mortgage bank" in any law or instrument for the time being in force in this State, shall with effect on and from the date of the commencement of the Amendment Act, be construed as references to the "State Land Development Bank" and "primary land development bank" respectively.

1 38-C. The provisions of this Act shall have effect notwithstanding anything inconsistent therewith contained in the *Tamil Nadu* Co-operative Societies Act, 1961 (1[Tamil Nadu Act 53 of 1961]) or in any other law] for the time being in force,

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1 Sections 38-A, 38-B and 38-C were added by section 7 of the Tamil Nadu Co-operative Land Mortgage Banks (Amendment) Act, 1969 (Tamil Nadu Act 14 of 1969).

2 These words were substituted for the word "Madras" by the Tamil Nadu Adaptation of Laws Order, 1969, as amended by the Tamil Nadu Adaptation of Laws (Second Amendment) Order, 1969.

3 These words and brackets were substituted for the words "or in any other law" by section 4 of the Tamil Nadu Co-operative Land Development Banks (Amendment) Act, 1970 (Tamil Nadu Act 4 of 1970).
Tamil Nadu Act No. 35 of 1979.


Received the assent of the Governor on the 30th May 1979, first published in the Tamil Nadu Government Gazette Extraordinary on the 2nd June 1979 (Vaikasi 19, Chitharthi (2010—Tiruvalluvar Andu)).

An Act further to amend the Tamil Nadu Co-operative Land Development Banks Act, 1934.

1. This Act may be called the Tamil Nadu Co-operative Land Development Banks (Amendment) Act, 1979.

2. For section 3-D of the Tamil Nadu Co-operative Land Development Banks Act, 1934 (Tamil Nadu Act X of 1934) (hereinafter referred to as the principal Act), the following section shall be substituted, namely:

   "3-D. Purposes for which loans may be granted.—A primary land development bank or the State Land Development Bank may grant loans for all or any of the following purposes, namely:

   (a) development of agriculture including making land fit for cultivation, improvement of land, development of sources of irrigation;

   (b) (i) animal husbandry;

   (ii) pisciculture including fish catching;

   (iii) apiculture;

   (iv) sericulture

* For Statement of Objects and Reasons, see Tamil Nadu Government Gazette Extraordinary, dated the 25th April 1979, Part IV—Section 1, Page 269.
and all activities incidental or ancillary thereto;

(c) activities connected with processing, storage, transport and marketing of produce of agriculture, animal husbandry, pisciculture, apiculture and sericulture;

(d) purchase of tools, implements, machinery and cattle for use in any of the above purposes;

(e) such other purposes as the State Government may, by notification, specify in this behalf.

Explanation.—For the purposes of this section—

(a) ‘agriculture’ includes horticulture, raising of crops (including plantation, tree-crops and garden produce), seed farming and forestry; and

(b) ‘animal husbandry’ includes cattle breeding, dairy farming, piggery and poultry farming.”.

Amendment of section 4-A, Act, for the words “in respect of loans granted to the Tamil Nadu Tamil Nadu State Electricity Board”, the words “in respect of loans granted to such—

(i) corporations;
(ii) local bodies;
(iii) institutions;
(iv) co-operative societies; and
(v) individuals

as may be approved by the State Government” shall be substituted.