



**The Mizoram Protection of Interests of Depositors (in financial establishment)
Act, 2002**

Act No. 14 of 2002

Amendments appended: 11 of 2011, 4 of 2018

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NOTIFICATION

No. H. 12013/ 115/ 2002 – LJD/ 4, the 18th December, 2002. The following Act of the Mizoram Legislative Assembly which received the assent of the Governor of Mizoram is hereby published for general information.

The Mizoram Act No. 14 of 2002

The Mizoram Protection of Interests of Depositors (in financial establishment) Act, 2002

Received the assent of the Governor of Mizoram on the 4th December, 2002

AN
ACT

to protect the deposits made by the public in the Financial Establishments and matters relating thereto.

It is enacted by the Mizoram Legislative Assembly in the Fifty-third Year of the Republic of India as follows.

CHAPTER – I
PRELIMINARY

Short title, extent and Commencement 1. (1) This Act may be called the Mizoram Protection of Interests of Depositors (In Financial Establishments) Act, 2002.

(2) It shall extend to the whole of Mizoram.

(3) It shall come into force on such date as the Government may by notification in the Official Gazette appoint.

Definitions

2. In this Act, unless the context otherwise requires,-

(a) “Competent Authority” means the authority appointed under section 4;

(b) “Deposit” includes and shall be deemed always to have included any receipt of money or acceptance of any valuable commodity by any Financial Establishment to be returned after a specified period or otherwise, either in cash or in kind or in the form of a specified service with or without any benefit in the form of interest, bonus, profit or in any other form”.¹

Central Act No.1 of 1956

Central Act No.10 of 1949

(c) “Financial Establishment” means any person or a group of individuals or a firm or a company incorporated under the Companies Act 1956 carrying on business of receiving deposits under any scheme or arrangement or in any other manner and will include any other Non-Banking Financial Companies but does not include a Corporation or a Co-operative Society owned or controlled by any State Government or the Central Government or a Banking Company as defined under clause (c) of section 5 of the Banking Regulation Act, 1949”.²

Central Act No.2 of 1932

(d) “Government” means the State Government of Mizoram.

CHAPTER-II
ATTACHMENT OF PROPERTY OF DEFAULTING
FINANCIAL ESTABLISHMENT

Attachment of properties on default of return of deposits

3. (1) (i) Every financial establishment shall intimate the Competent Authority of the area, about its business in the area

(ii) The financial establishment shall file a copy of such periodical statement to the Competent Authority as may be required to be filed, under any law, with any other supervisory authority including the Reserve Bank of India (RBI).

(iii) The Competent Authority at his discretion may at any time direct any financial establishment carrying on business in the area of jurisdiction of the Competent Authority to furnish in such form, at such intervals and within such time, such statement, as may be specified in a general or a special order.

¹ Inserted by the Mizoram Protection of Interest of Depositors (in financial establishment) Amendment Act, 2011

² Inserted by the Mizoram Protection of Interest of Depositors (in financial establishment) Amendment Act, 2011

(iv) Whosoever contravenes the provisions of this section shall be punished with imprisonment which may extend to six months or with a fine which may extend to twenty thousand rupees or with both.

(2) (i) The Government or the District Magistrate in their respective jurisdiction or Superintendent of Police in charge of the Economic Offence Wing of the Police Department, suo moto or on receipt of any complaint may cause investigation of a complaint or fraudulent transaction referred to in this section. The District Magistrate or the Superintendent of Police in charge of the Economic Offence Wing of the Police Department shall forward his report together with the complaint to the Government at the earliest.

(ii) Notwithstanding anything contained in any other law for the time being in force:-

(a) Where, upon complaint received from any depositors or otherwise, the Government is satisfied that any Financial Establishment has failed-

(i) to return the deposit after maturity or on demand by depositor: or

(ii) to pay interest or other assured benefit: or

(iii) to provide the service against such deposit, or

(b) Where the Government have reason to believe that any Financial Establishment is acting in a calculated manner with an intention to defraud the depositors and if the Government are satisfied that such Financial Establishment is not likely to return the deposits, the Government may in order to protect the interests of the depositors of such Financial Establishment, passed an ad- interim order attaching the money or other property alleged to have been procured either in the name of the Financial Establishment, or in the name of any other persons from and out of the deposit collected by the Financial Establishment, or if it transpires that such money or other property is not available for attachment or not sufficient for repayment of the deposits, such other property of the said Financial Establishment or the promoter, manager or member of the said Financial Establishment as the Government may think fit and transfer the control over the said money or properties to the Competent Authority.³

³ Inserted by the Mizoram Protection of Interest of Depositors (in financial establishment) Amendment Act, 2011

Competent Authority

4. (1) The Government may, by notification, appoint an authority hereinafter called "the Competent Authority" to exercise control over the properties attached by the Government under section 3.

(2) The Competent Authority shall have such other powers as may be necessary for carrying out the purposes of this Act.

(3) Upon receipt, of the orders of the Government under section 3, the Competent Authority shall apply within fifteen days to the Court of District and Sessions- Judge or a judge of Special Court constituted under this Act, of the competent jurisdiction for making the ad-inter m order of attachment absolute.

(4) An application, under sub-section (3) shall be accompanied by one or more affidavit stating the grounds on which the belief that the Financial Establishment has committed any default or is likely to defraud, is rounded; the amount of money or value of other property believed to have been procured by means of the deposit, and the details, if any, of persons in whose name such property is believed to have been invested or purchased out to the deposits or any other property attached under section 3.

CHAPTER – III PUNISHMENT FOR DEFAULT IN REPAYMENT

Punishment for default in repayment of deposit and interest

5. Notwithstanding anything contained in Chapter II, where any Financial Establishment defaults the return of the deposit or defaults the payment of interest on the deposit, every person responsible for the management of the affairs of the Financial Establishment shall be punished with imprisonment, for a term which may extend to ten years and with fine which extend to one lakh of rupees and such Financial Establishment is also liable for fine which may extend to one lakh of rupees.

CHAPTER-IV TRIAL OF OFFENCES

Competent Court

6. (1) No Court, other than the District and Sessions Judge or a Special Court constituted under this Act shall have jurisdiction in respect of any matter to which the provisions of this Act apply.

(2) Any pending case in any other Court to which the provisions of this Act apply, shall stand transferred to the Court of District and Sessions Judge of competent jurisdiction.

(3) The Court of District and Sessions Judge or a Special Court constituted under this Act on application by the Competent authority pass such order or issue such direction as may be necessary for the equitable distribution' among the depositors of the money realized from out of the property attached.

(4) In such a district in which the Court of District and Sessions Judge is not available, the Court of Additional District Magistrate (Judicial) exercising jurisdiction in the district shall be construed as the Court of District and Sessions Judge.

Power of the Court

7. (1) Upon receipt of an application under section 4, the Court of the District

of the District and
Session Judge

and Sessions Judge or a Special Court constituted under this Act 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 an application and affidavit and the evidence, if any, recorded, calling upon him to show cause on a date to be specified in the notice as to why the order of attachment should not be made absolute.

(2) The Court of District and Sessions Judge shall also issue such notice to all other persons represented to it as having or being likely to claim any interest or title in the property of the Financial Establishment or the person to whom the notice is issued calling upon such person to appear on the same date specified in the notice and make objection if he so desires to attachment of the property or any portion thereof on the ground that he has an interest in such property or portion thereof.

(3) Any person claiming an interests in the property attached or any portion thereof may, notwithstanding that no notice has been served upon him under this section, make an objection as aforesaid to the Court of District and Sessions Judge at any time before an order is passed under sub-section (4) or sub-section (6).

(4) If no cause is shown and no objections are made on or before the specified date the Court of District and Sessions Judge shall forthwith pass an order making the ad-interim order of attachment absolute.

(5) If any cause is shown or any objection is made as aforesaid, the Court of District, and Sessions Act V of Judge shall proceed to investigate the same and in.1908 so doing, as regards the examination of the parties and in all other respects, the Court of District and Sessions Judge shall, subject to the provisions of this Act, follow the procedure and exercise all the powers of a Court in hearing a suit under the Code of Civil Procedure,1908 and any person making an objection shall be required to adduce evidence to show that on the date of the attachment he had some interest in the property attached.

Central Act V
of 1980

(6) After investigation under sub-section. (5), the Court of District and Sessions Judge shall pass an Order making the ad-interim order of attachment absolute or varying it by releasing a portion of the property from attachment or cancelling the ad-in-team order of attachment:

Provided that the Court of District and Sessions Judge shall not release from attachment any interest, which it is satisfied that the Financial Establishment or the person refined to in the sub-section (1) has in the property unless it is also satisfied that there will remain under attachment an amount or property of value that is required for re-payment to the depositors of such Financial Establishment.

Attachment of
properties malafide
transferees

8. (1) Where the assets available for attachment of Financial Establishment or other person- referred to in section 3 are found to be less than the amount or value which such Financial

Establishment is required to repay to the depositors and where the Court of District and Sessions Judge is satisfied by affidavit or otherwise that there is reasonable cause for believing that the said Financial Establishment has transferred (whether before or after the commencement of the Act) any of the property otherwise than in good faith and for consideration the Court of District and Sessions Judge may, by, notice, require any transferee of such property (whether or not he received the property directly from the said Financial Establishment) to appear on a date to specified in the notice and show cause why so much of the transferee's property value of the property transferred should not be attached.

(2) Where the said transferee does not appear and show cause on the specified date or where after investigation in the manner provided in sub-section (5) of section 7, the Court of District and Sessions Judge is satisfied that the transfer of the property to the said transferee was not in good faith and for consideration, the Court of District and Sessions Judge shall order the attachment of so much of the said transferee's property as in the opinion of the Court of District and Sessions Judge equivalent to the proper value of the property transferred.

Security in lieu of attachment

9. Any Financial Establishment or person whose property has been or is about to be attached under this Act, may, at any time, apply to the Court of District and Sessions Judge for permission to give security in lieu of such attachment and where the security offered and given is in the opinion of Court of District and Sessions Judge satisfactory and sufficient, it may cancel the ad-interim order of attachment or as the case may be, refrain from passing the order of attachment.

Administration of property attached

10. The Court of District and Sessions Judge may on the application of any person interested in any property attached under this Act and after giving the Competent Authority an opportunity of being heard make such orders as the Court of District and Sessions Judge considers just and reasonable for-

(a) providing from such of the property attached as the applicant claims and interest in such sums as may be reasonably necessary for the maintenance of the applicant and of his family and for expenses connected with the defense of the applicant where criminal proceedings have been instituted against him in the Court of District and Sessions Judge under Section 5;

(b) safeguarding so far as may be practicable the interest of any business affected by the attachment and particularly in the interest of any partners in such business.

Appeal

11. Any person including the Competent Authority, if aggrieved by an order of the Court of District and Sessions Judge may appeal to the High Court within thirty days from the date of order.

Special Public
Prosecutor

12. The Government may, by notification, appoint an Advocate of not less than ten years standing as a Special Public Prosecutor for the purposes of conducting the cases falling under this Act in the Court of District and Sessions Judge.

Procedure and
powers of the
Court of District
Magistrate
regarding
offences

13. (1) The Court of District and Sessions Judge may take cognizance of the offence without the accused being committed to it for trial and in trying the accused person shall follow the procedure prescribed in the Code of Criminal Procedure, 1973 for the trial of warrant cases by Magistrates.

Central Act 2 of 1974

(2) The provisions of the Code of Criminal Procedure, 1973 shall apply to the proceedings under this Act

Central Act 2 of 1974

CHAPTER V MISCELLANEOUS

Act to override other
laws

14. Save as otherwise provisions in this Act shall have effect notwithstanding anything consistent therewith contained in any other law for the time being in force or any custom or usage or any instrument having effect, by virtue of any such law.

Power to make rules

15. (1) The Government may make rules for carrying out the provision of this Act

(2) All rules made under this Act shall be published in the Mizoram 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.

(3) Every rule made by the State Government under this Act shall as soon as may be after they are made, be laid before the State Legislative Assembly while it is in session, for a total period of not less than fourteen days which may be comprised in one session or two or more successive sessions, and if before the expiry of the session it is laid, the Mizoram Legislative Assembly agrees in making any modification in the rule or the Legislative Assembly is of the opinion that the rule should not be made, the rule shall thereafter have effect in such modified form or be of no effect, as the case may be; so, however, that any such modification or amendment shall be without prejudice to the validity of anything previously done under that rule.

P.Chakraborty,
Secretary
Law & Judicial Deptt
Govt of Mizoram



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NOTIFICATION

No. H.12018/115/2002-LJD, the 18th July, 2011. The following Act of the Mizoram Legislative Assembly which received the assent of the Governor of Mizoram is hereby published for general information.

The Mizoram Protection of Interest of Depositors (In Financial Establishment) (Amendment) Act, 2011(Act. No. 11 of 2011).

{Received the assent of the Governor of Mizoram on the 8th July, 2011}

AN
ACT

to amend the Mizoram Protection of Interest of Depositors (in financial establishment) Act 2002 (Act No 14 of 2002) hereinafter referred to as the Principal Act

It is enacted by the Legislature of the State of Mizoram in the sixtysecond year of the Republic of Inida as follows :-

1. Short Title and Commencement :

- 1) This Act may be called the Mizoram Protection of Interest of Depositors (in financial establishment) (Amendment) Act, 2011
- 2) It shall come into force from the date of its publication in the Mizoram Gazette

2. Amendment of Section 2

- 1) In section 2 of the Principal Act, clause (b) shall be substituted by the following, namely :-

“(B) “Deposit” includes and shall be deemed always to have included any receipt of money or acceptance of any valuable commodity by any Financial Establishment to be returned after a specified period or otherwise, either in cash or in kind or in the form of a specified service with or without any benefit in the form of interest, bonus, profit or in any other form”.

2) Clause (c) shall be substituted by the following, namely:-

“(c) “Financial Establishment” means any person or a group of individuals or a firm or a company incorporated under the Companies Act 1956 carrying on business of receiving deposits under any scheme or arrangement or in any other manner and will include any other Non-Banking Financial Companies but does not include a Corporation or a Co-operative Society owned or controlled by any State Government or the Central Government or a Banking Company as defined under clause (c) of section 5 of the Banking Regulation Act, 1949”.

1. Section 3 of the Principal Act shall be substituted by the following, namely:-

3. Amendment of Section 3 :

“(1) (i) Every financial establishment shall intimate the Competent Authority of the area, about its business in the area

(ii) The financial establishment shall file a copy of such periodical statement to the Competent Authority as may be required to be filed, under any law, with any other supervisory authority including the Reserve Bank of India (RBI).

(iii) The Competent Authority at his discretion may at any time direct any financial establishment carrying on business in the area of jurisdiction of the Competent Authority to furnish in such form, at such intervals and within such time, such statement, as may be specified in a general or a special order.

(iv) Whosoever contravenes the provisions of this section shall be punished with imprisonment which may extend to six months or with a fine which may extend to twenty thousand rupees or with both.

“(2) (i) The Government or the District Magistrate in their respective jurisdiction or Superintendent of Police in charge of the Economic Offence Wing of the Police Department, suo moto or on receipt of any complaint may cause investigation of a complaint or fraudulent transaction referred to in this section. The District Magistrate or the Superintendent of Police in charge of the Economic Offence Wing of the Police Department shall forward his report together with the complaint to the Government at the earliest.

“(ii) Notwithstanding anything contained in any other law for the time being in force:-

“(a) Where, upon complaint received from any depositors or otherwise, the Government is satisfied that any Financial Establishment has failed-

“(i) to return the deposit after maturity or on demand by depositor : or

“(ii) to pay interest of other assured benefit : or

“(iii) to provide the service against such deposit”, or

“(b) Where the Government have reason to believe that any Financial Establishment is acting in a calculated manner with an intention to defraud the depositors and if the Government are satisfied that such Financial Establishment is not likely to return the deposits, the Government may in order to protect the interests of the depositors of such Financial Establishment, passed an ad-interim order attaching the money or other property alleged to have been procured either in the name of the Financial Establishment, or in the name of any other persons from and out of the deposit collected by the Financial Establishment, or if it transpires that such money or other property is not available for attachment or not sufficient for repayment of the deposits, such other property of the said Financial Establishment or the promoter, manager or member of the said Financial Establishment as the Government may think fit and transfer the control over the said money or properties to the Competent Authority”.

Secretary,
Law & Judicial Department,
Govt. of Mizoram.



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NOTIFICATION

No.H.12018/45/2011-LJD, the 12th April, 2018.
general information.

The following Act is hereby published for gen-

The Mizoram Protection of Interests of Depositors (In Financial Establishment)
(Second amendment) Act, 2018

(Act No. 4 of 2018)

(Received the assent of the Governor of Mizoram on 03.04.2018)

**THE MIZORAM PROTECTION OF INTERESTS OF DEPOSITORS
(IN FINANCIAL ESTABLISHMENT) (SECOND AMENDMENT ACT, 2018)**

**AN
ACT**

to further amend the Mizoram Protection of Interests of Depositors (in Financial Establishment) Act, 2002.

It is enacted by the Legislature of the State of Mizoram in the sixtyninth year of the Republic of India as follows :-

- | | | |
|--|--|---|
| 1. Short title, extend and commencement | <p>1) This Act may be called the Mizoram Protection of Interests of Depositors (in Financial Establishment) (Second Amendment) Act, 2018.</p> <p>2) It shall come into force on the date of publication in the official gazette.</p> | |
| 2. Amendment of Section 2 | <p>1) In Clause (b) of Section 2 of the Mizoram Protection of Interests of Depositors (in Financial Establishment) Act, 2002 (herein referred to as the Principal Act), the following shall be substituted, namely-</p> <p>(b) “Deposit” includes and shall be deemed always to have included any receipt of money or acceptance of any valuable commodity by any Financial Establishment to be returned after a specified period or otherwise, either in cash or in kind or in the form of a specified service with or without any benefit in the form of interest, bonus, profit or in any other form but does not include :-</p> <p>(i) amount raised by way of share capital or by way of debenture, bond of any other instrument covered under the guidelines given and regulations made, by the Securities and Exchange Board of India, established under the Securities and Exchange Board of India Act, 1992.</p> <p>(ii) amounts contributed as capital by partners of a firm;</p> <p>(iii) amounts received from a Scheduled Bank or a Co-operative Bank or any other banking company as defined in clause (C) of section 5 of the Banking Regulation Act, 1949.</p> | <p>Central Act 15 of 1992</p> <p>Central Act 10 of 1949</p> |

- (iv) any amount received from the Industrial Development Bank of India, or a State Financial Corporation, or any financial Institution specified in or under section 4A of the Companies Act, 1956, or any other institution that may be specified by notification by the Government in this behalf. **Central Act 1 of 1959**
- (v) any amount received from an individual or a firm or an association or individuals, registered under any enactment relating to money lending which is for the time being in force in the State of Mizoram; and
- (vi) any amount received by way of subscription in respect of a Chit;

Explanation I - "Chit" has the meaning as assigned to it in clause (b) of section 2 of the Chit Funds Act, 1982; **Central Act 40 of 1982**

Explanation II - Any Credit given by a seller to a buyer on the sale of any property (whether movable or immovable) shall not be deemed to be deposit for the purposes of this clause.

- 2) In section 2 of the Principal Act, the following clause (e) to (k) shall be inserted, namely:-
- (e) "Depositors" means a person who has made deposits with Financial Establishment;
- (f) "any other officers authorized by Government in order to carry out the purpose of this Act" means an Officer empowered by the Government, by notification in the Official Gazette, in order to carry out the purposes of this Act;
- (g) "the Deputy Commissioner" means the Deputy Commissioner and District Magistrate of the District;
- (h) "the Superintendent of Police of the District" means the Senior-most Police Officer In-charge of the Police District and shall be deemed to have included his Sub-ordinate officers;
- (i) "The Bureau of Investigation (Economic Offences)" means the Bureau of Investigation (Economic Offences) under the Govt. of Mizoram;

- (j) “Competent Regulatory Authority” means and includes Reserve Bank of India (RBI), Securities and Exchange Board of India (SEBI), Insurance Regulatory and Development Authority (IRDA), Registrar of Companies (ROC), Registrar of Cooperative Societies, Govt. of Mizoram or any other Authority empowered by the Central or State Government from time to time by a notification in the official Gazette;
- (k) “Competent Court” means the Court of District and Sessions Judge of Competent Jurisdiction or the Special Court constituted under this Act.”

3. Amendment of Section 4 : In section 4 of the Principal Act, the following sub-section (5) may be inserted as follows, namely:-

- (5) “For the purpose of crediting and dealing with the money realized by the Competent Authority, he shall open an account in any Scheduled Bank.”

4. Amendment of Section 13 : In sub-section (2) of section 13 of the Principal Act, the following clause (a) & (b) may be inserted as follows, namely :-

- “(a) Notwithstanding anything contained in section 438 of the Code of Criminal Procedure, 1973 (Central Act 2 of 1974), no Court shall grant anticipatory bail to any person booked under this Act.”
- (b) Every Financial Establishment shall furnish a quarterly return within one month of the expiry of each quarter of a financial year to the Deputy Commissioner and the Superintendent of Police of the district in respect of its business and financial position, the area of its investment and the location of investments of moneys made by it within and outside the State, if any and such other particulars as may be prescribed.”

Secretary,
Law & Judicial Deptt.
Govt. of Mizoram.