



LEGISLATIVE ASSEMBLY OF THE STATE OF GOA

THE GOA PROTECTION OF INTERESTS  
OF DEPOSITORS  
(IN FINANCIAL ESTABLISHMENTS)  
(AMENDMENT) BILL, 2017

(Bill No. 15 of 2017)

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(As Passed by the Legislative Assembly of the State of Goa)

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GOA LEGISLATURE SECRETARIAT,  
ASSEMBLY HALL, PORVORIM, GOA  
AUGUST, 2017

The Goa Protection of Interests of  
Depositors (in Financial Establishments)  
(Amendment) Bill, 2017

(Bill No. 15 of 2017)

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BILL

*to amend the Goa Protection of Interests of  
Depositors (in Financial Establishments) Act,  
1999 (Goa Act 10 of 1999).*

BE it enacted by the Legislative Assembly of  
Goa in the Sixty-eighth Year of the Republic of  
India, as follows:—

1. **Short title and commencement.**— (1) This  
Act may be called the Goa Protection of Interests  
of Depositors (in Financial Establishments)  
(Amendment) Act, 2017.

(2) It shall come into force at once.

2. **Amendment of section 2.**— In section 2 of  
the Goa Protection of Interests of Depositors ( in  
Financial Establishments) Act, 1999 (Goa Act 10  
of 1999) (hereinafter referred to as the “principal  
Act”) , for clause (c), the following clause shall be  
substituted, namely:—

“(c) “*financial establishment*” means an  
individual, an association of individuals, a firm  
or a company/Incorporated bodies registered  
under the Companies Act, 1956 (Central Act 1  
of 1956) or the Companies Act, 2013 (Central  
Act 18 of 2013), carrying on the business of



receiving deposits under any scheme or arrangement or in any other manner 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 (Central Act 10 of 1949) or a non-banking financial company as defined in clause (f) of section 45- I of the Reserve Bank of India Act, 1934 (Central Act 2 of 1934).”.

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3. **Amendment of section 4.**— In section 4 of the principal Act, after sub-section (4), the following sub-sections shall be inserted, namely:—

“(5) The competent authority shall make an application to any court having jurisdiction to try similar cases or deal with the subject matter pertaining to money or property belonging to a financial establishment or any person specified in section 3 situated within the territorial jurisdiction of that court for appropriate orders.

(6) For the purpose of crediting and dealing with the money realized by the competent authority, he shall open an account in any Scheduled commercial bank.”.

4. **Insertion of new section 4A.**— After section 4 of the principal Act, the following section shall be inserted, namely:—

“**4A. Report and return by financial establishment.**— (1) Every financial establishment which commences or carries on its business as such in the State of Goa on or after the commencement of the Goa Protection of Interests

of Depositors (in Financial Establishments) (Amendment) Act, 2017 (hereinafter, in this section, referred to as the “said Act”), shall make a report to the District Collector of the district, mentioning the details about its authority to carry on such business, the location of the financial establishment in the State and its main Branch Office, if any, wherever situated, permanent address of every person responsible for the management of, or conducting of, the business or affairs of the financial establishment in the State and such other particulars as may be prescribed.

(2) Such report shall be made within seven days from the date on which a financial establishment commences or carries on its business as such in the State:

*Provided that a financial establishment which has been carrying on its business as such prior to the commencement of the said Act shall make such report within seven days from the date of such commencement.*

(3) Every financial establishment shall furnish a quarterly return within one month of the expiry of each quarter of a financial year to the District Collector 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.

(4) Whoever contravenes the provisions of this section shall be liable to a penalty of one thousand rupees per day of delay and upto a maximum of fifty thousand rupees, to be leviable by Competent Authority.” .

5. **Substitution of section 5.**— For section 5 of the principal Act, the following section shall be substituted, namely:—

**“5. Fraudulent default by financial establishment.**— Any financial establishment,

which fraudulently defaults any repayment of deposit on maturity along with any benefit in the form of interest, bonus, profit or in any other form as promised or fraudulently fails to render service as assured against the deposit, every person including the promoter, partner, director, manager or any other person or an employee responsible for the management of or conducting of the business or affairs of such financial establishment shall, on conviction, be punished with imprisonment for a term which may extend to ten years and with fine which may extend to one lakh of rupees and such financial establishment also shall be liable for a fine which may extend to five lakh of rupees.

**Explanation.**— For the purpose of this section, a financial establishment, which commits default in repayment of such deposit with such benefits in the form of interest, bonus, profit or in any other form as promised or fails to render any specified service promised against such deposit, or fails to render any specific service agreed against the deposit with an intention of causing wrongful gain to one person or wrongful loss to another person or commits such default due to its liability arising out of impracticable or commercially not viable promises made while accepting such deposit or arising out of deployment of money or assets acquired out of deposits in such a manner as it involves inherent

risk in recovering the same when needed, shall be deemed to have committed a default or failed to render the specific service, fraudulently.”.

**6. Amendment of section 7.**— In section 7 of the principal Act,—

(i) for the existing title thereof, the following title shall be substituted, namely:—

*“7. Powers of Special Court regarding attachment, sale, realization and distribution. —”;*

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

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

(iii) in sub-section (4), the following expression shall be added at the end, namely:—

“and direct the competent authority to sell the property so attached by public auction and realize the sale proceeds.”;

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

“(6) After investigation under sub-section (5), the Special Court shall pass an order, within a period of one hundred and eighty days from the date of receipt of an application under sub-section (3) of section 4, either by making the ad-interim order of attachment absolute or varying it by releasing a portion of the property from attachment or cancelling the ad-interim order of attachment and then direct the competent authority to sell the property so attached by public auction and realize the sale proceeds:

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

(v) after sub-section (6), the following sub-sections shall be inserted, namely:—

“(7) The Special Court shall, on an 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 attached or realized out of the sale.

(8) In case the money realized from the sale of property attached is not enough to cover the shortfall, the Special Court may impose fine on every person, including the promoter, partner, director, manager or any other person



or an employee responsible for the management of or conducting of the business of the affairs of such financial establishment to cover the shortfall as may be necessary for the purpose of repayment to the depositors.

(9) Where an application is made by any person duly authorized or specified by any other State Government under similar enactment empowering him to exercise control over any money or property or assets attached by that State Government, the Special Court shall exercise all its powers as if such an application were made under this Act and pass appropriate order or direction on such application so as to give effect to the provisions of such enactment.”.

**7. Amendment of section 11.**— In section 11 of the principal Act, the existing provision thereof shall be numbered as sub-section (1) and after sub-section (1) as so numbered, the following sub-section shall be inserted, namely:—

“(2) No appeal under sub-section (1), by a person who is in any manner liable to repay the deposit and the interest accrued thereon to the depositors, shall be entertained unless, the appeal is accompanied by satisfactory proof for the deposit with the competent authority of an amount equivalent to seventy five percent of the aggregate amount of deposit liability.”.

**8. Insertion of new section 13A.**— After section 13 of the principal Act, the following section shall be inserted, namely:—

“**13A. Offences to be cognizable.**— All offences under this Act shall be cognizable.”.

be inserted, namely:—

- (6) After investigation under sub-section (1) of the Special Court Act, 1948, the Protection of action taken in good faith.— No suit or other proceedings shall lie against the Government or the competent authority or an officer or employee of the Government for anything which is, in good faith, done or intended to be done under this Act.”.

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