

THE PUDUCHERRY PROTECTION OF
INTERESTS OF DEPOSITORS IN FINANCIAL
ESTABLISHMENTS (AMENDMENT) BILL, 2017
(Bill No. 5 of 2017)

A

BILL

**further to amend the Puducherry Protection of
Interests of Depositors in Financial
Establishments Act, 2004.**

BE it enacted by the Legislative Assembly of
Puducherry in the sixty-seventh year of the Republic
of India as follows :—

Short title and
commencement.

1. (1) This Act may be called the Puducherry
Protection of Interest of Depositors in Financial
Establishments (Amendment) Act, 2017.

(2) Section 2 shall come into force at once
and section 3 shall be deemed to have come into
force on and from the 15th day of March, 2005.

Amendment of
section 2.

2. In the Puducherry Protection of Interests of Depositors in Financial Establishments Act, 2004 (hereinafter referred to as the Principal Act), for the existing clause (d) of section 2, the following shall be substituted, namely:—

(d) "Financial Establishment" means an individual, association of individuals, a firm or a company registered under the Companies Act, 1956 or a Limited Liability Partnership Firm registered under the Limited Liability Partnership Act, 2008 accepting deposit under any scheme or arrangement or in any other manner, but, does not include:-

Act
No. 1
of 2005.

Act
No. 1
of 1956.

Act
No. 6
of 2009.

(i) A corporation incorporated by an Act or any Legislature; or

(ii) A co-operative society owned or controlled by any State Government or the Central Government or the Government of any Union Territory; or

Act
No. 10
of 1949. (iii) A banking company as defined in clause (c) of section 5 of the Banking Regulation Act, 1949; or

(iv) Any institution as the State Government may, by notification, specify.

In the Principal Act, after section 3, the following sections shall be inserted, namely:-

Insertion of
new sections 3A
and 3B.

"3A. (1) An offence punishable under section 3 may, before the institution of prosecution, be compounded by the Competent Authority or after the institution of the prosecution, during any stage of judicial process before the Designated Court, be compounded by the Competent Authority with the permission of the Designated Court on payment of the entire amount due to the depositors with or without interest.

Compounding of
offences.

(2) Where an offence compounded under subsection (1), no proceeding or further proceeding, as the case may be, shall be taken or continued against the offender, in respect of the offence so compounded and the offender, if in custody, shall be discharged forthwith.

Act
No. 2
of 1974. 3B. Notwithstanding anything contained in section 438 of the Code of Criminal Procedure, 1973, no Court shall grant anticipatory bail to any person under this Act."

Anticipatory
bail not to
be granted.

STATEMENT OF OBJECTS AND REASONS

The Government of Puducherry enacted the Puducherry Protection of Interests of Depositors in Financial Establishments Act, 2004 (Act No. 1 of 2005) that came into force on and from the 15th day of March, 2005 to protect the interests of depositors in financial establishments and to provide relief and justice to those who had lost their money in the said establishments. This Act has been modelled on the Tamil Nadu Protection of Interests of Depositors (in Financial Establishments) Act, 1997. The Tamil Nadu Act contains a provision under section 5A for compounding of offence.

2. Section 5A of the Tamil Nadu Protection of Interests of Depositors (in Financial Establishments) Act provides that an offence punishable under section 5 may, before the institution of the prosecution, be compounded by the Competent Authority or after the institution of the prosecution, be compounded by the Competent Authority with the permission of the Special Court, on payment of the entire amount due to the depositors with or without interest. Secondly, where an offence has been compounded under sub-section (1), no proceeding or further proceeding, as the case may be, shall be taken or continued against the offender, in respect of the offence so compounded and the offender, if in custody, shall be discharged forthwith.

The abovesaid provision empowers the Competent Authority to compound an offence punishable under section 5, with the permission of the Special Court in cases of default in repayment of deposits with interests by the Financial Establishments. The Puducherry Act, though framed on the lines of the Tamil Nadu Act, does not have this provision, which ultimately leads to delay in settlement. If, the present position continues, settlement of money would be possible only after a lengthy judicial process. Already six years have lapsed, since the institution of such a case and the same is before the Hon'ble Designated Court. Government is in receipt of continuous representations that many of the depositors are dying due to old age and mental agony without receiving any money. Under these circumstances, it is felt that the amendment is just and essential to safeguard the interests of the depositors.

3. The Bill seeks to achieve the above objects.

V. NARAYANASAMY,
Chief Minister.