



## The Usurious Loans (Tamil Nadu Amendment) Act, 1936

Act 8 of 1937

**Keyword(s):**

**Central Act Amendment, The Usurious Loans Act, 1918**

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"[TAMIL NADU] ACT No. VIII OF 1937."

[THE USURIOUS LOANS (<sup>1</sup>[TAMIL NADU] AMENDMENT)  
ACT, 1936.]

(*Received the assent of the Governor on the 31st December 1936, and that of the Governor-General on the 5th February 1937; the assent of the Governor-General was first published in the Fort St. George Gazette of the 2nd March 1937.*)

An Act to amend the Usurious Loans Act, 1918, in its application to the <sup>2</sup>[State of Tamil Nadu], for certain purposes.

WHEREAS it is expedient to amend the Usurious Loans Act, 1918, in its application to the <sup>2</sup>[State of Tamil Nadu], for the purpose hereinafter appearing ;

AND WHEREAS the previous sanction of the Governor-General has been obtained to the passing of this Act;

It is hereby enacted as follows :—

1. (1) This Act may be called the Usurious Loans (<sup>1</sup>[Tamil Nadu] Amendment) Act, 1936.

Short title,  
extent and  
application.

(2) It extends to the whole of the <sup>2</sup>[State of Tamil Nadu].

(3) The provisions of this Act shall apply to all suits to which the Usurious Loans Act, 1918 (hereinafter referred to as the said Act), would apply and which are pending on, or are instituted on or after, the date of the commencement of this Act.

<sup>1</sup> 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.

<sup>2</sup> For Statement of Objects and Reasons, see *Fort St. George Gazette*, dated the 4th November 1936, part IV, pages 360—361.

<sup>3</sup> 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.

Central  
Act X of  
1918.

Central  
Act X of  
1918.

Amendment of  
section 3,  
Central  
Act X of  
1918.

2. In section 3 of the said Act—

(i) in sub-section (1), for the words, letters and brackets beginning with “has reason to believe” and ending with “any of the following powers, namely, may,” the following shall be substituted, namely:—

“has reason to believe that the transaction was, as between the parties thereto, substantially unfair, the Court shall exercise one or more of the following powers, namely,—”;

(ii) the *Explanation* to the same sub-section shall be renumbered as *Explanation II* and the following shall be inserted as *Explanation I*, namely :—

“*Explanation I*.—If the interest is excessive, the Court shall presume that the transaction was substantially unfair; but such presumption may be rebutted by proof of special circumstances justifying the rate of interest.”;

(iii) to clause (b) of sub-section (2), the following proviso shall be added, namely :—

“Provided that in the case of loans to agriculturists, if compound interest is charged, the Court shall presume that the interest is excessive”; and

(iv) the *Explanation* to clause (d) of the same sub-section shall be omitted.