

*The Tripura Act No. 4 of 2011*

**The Tripura Protection of Interest of Depositors  
(In Financial Establishments) (Amendment) Act, 2011.**

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**Government of Tripura  
Law Department**

*No.F.8(l)-Law/Leg-I/2011*

*Dated, Agartala, the 30th April, 2011.*

*The following Act of the Tripura Legislative Assembly received the assent of the Governor on the 29<sup>th</sup> April 2011 and is hereby published for general information.*

Samiran Das  
Secretary, Law.  
Government of Tripura.

**THE TRIPURA PROTECTION OF INTEREST OF DEPOSITORS  
(IN FINANCIAL ESTABLISHMENTS) (AMENDMENT) ACT, 2011.**

**AN  
ACT**

To enhance the level of protection of interest of depositors in Financial Establishments in Tripura by providing more teeth to the existing legislation in this behalf.

Whereas, it is felt expedient to amend the Tripura Protection of Interest of Depositors (In Financial Establishments) Act, 2000 to provide more protection to the interest of the depositors in Financial Establishments and to curb menace of fly by night operators aimed at defrauding the depositors.

It is hereby enacted in the Sixty Second year of the Republic of India, by the Tripura Legislative Assembly, as follows:-

**1. Short title, extent and commencement**

- (1) This Act may be called "The Tripura Protection of Interest of Depositors (In Financial Establishments) (Amendment) Act, 2011"
- (2) It extends to the whole of Tripura.
- (3) It shall come into force from the date of its publication in the Tripura Gazette.

**2. Substitution of Section 3**

For Section 3 of the Tripura Protection of Interest of Depositors (In Financial Establishments) Act, 2000 (hereinafter called as the Principal Act), the following shall be substituted namely:-

"3.Any Financial Establishment which (i)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 (ii)fraudulently fails to render service as assured, against the deposit; or (iii)is found indulging in a fraudulent act during business operation, every person including the Promoter, partner, director, manager or any other person or an employee responsible for the management or conduct 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 one lakh of rupees :

Provided that in the absence of special and adequate reasons recorded in the judgement of the Court, the imprisonment shall not be for less than 5 years and the fine shall not be less than one lakh of rupees.

Explanation:- For the purpose of this section, a financial Establishment, means and includes, which—

- (i) 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
- (ii) 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
- (iii) commits such defaults due to its inability 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 the deposits in such a manner as it involves inherent risk in recovering the same when needed, shall be deemed to have committed a default fraudulently or failed to render specific service fraudulently."

### 3. Insertion of new section - 3A

After Section 3 of the Principal Act, the following new Section 3A shall be inserted, namely:-

- 3A
- (1) Before starting operation in Tripura, every financial establishment shall intimate the Competent Authority about the details of its business in the local jurisdiction of such Authority indicating, with supporting documents, the permission/sanction of the Authority like Securities and Exchange Board of India (SEBI) or the Reserve Bank of India (RBI) or any other authority of Central or State Government required under the relevant law for the time being in force in such form and in such manner, as may be prescribed by the State Government.
  - (2) Every financial establishment shall file a monthly statement about its business transaction in that local area in such form and in such manner, as may be prescribed by the State Government to the Competent Authority along with a copy of the periodical statement which is filed to the SEBI or, as the case may be, RBI or any other authority of Central or State Government.
  - (3) The Government may authorize any officer of such rank as it may prescribe to direct any financial establishment acting in its local jurisdiction to furnish such other statement or information relating to or connected with the deposits received by it.
  - (4) The Government may authorize any officer of such rank as it may prescribe to visit the office premises or other places of any financial establishment Operating in the State to check the books of account and other documents to ensure that the business of deposit taking is being conducted as per relevant law with permission or sanction of the authority empowered by that law or that such business is not dressed in any form for misleading or cheating the depositors.

Illustration:-If a deposit taking business is dressed or camouflage in the form of any other business like the business of real-estate, plantation, tours and travels, supply of any valuable goods or service or gift thereof etc. shall be deemed to be a fraudulent act for the purpose of this Act.

- (5) For failure to furnish the intimation or statement under sub-section 1, 2 or 3 or furnishing a wrong or misleading statement the competent authority, if satisfied may after giving reasonable opportunity to the Financial Establishment in accordance with law, impose a fine of Rs.25,000/- (Rupees Twenty Five thousand) for such every default.
- (6) Upon receipt of a report from the officer authorized under sub-section 4 or otherwise if the competent authority is satisfied that the Financial Establishment is acting in a fraudulent manner in violation of the provision of relevant law may file a complaint alleging commission of an offence under Section 3.
- (7) In order to prevent continuation of such fraudulent act or default or non cooperation at the time of inspection with reference to sub-section 4 or on detection by the inspecting officer that such business is not being conducted as per relevant law with permission or sanction of the authority empowered by that law or such business is dressed in any form for misleading or cheating the depositors, the competent authority may also pass such interim order as he may consider appropriate to restrain that establishment from operating in that area, freeze the bank accounts and restrain it from sale, transfer or alter any moveable or immoveable property of that establishment pending confirmation by the State Government.
- (8) The fine money imposed under sub-section 5 if not paid within the time fixed in the order may be recovered as arrear of land revenue.
- (9) Any financial establishment, aggrieved by the order of the competent authority may file appeal to the State Government within a month from date of the order. Such appeal shall be heard by an officer not below the rank of a Secretary as the State Government may authorize provided that no appeal will be admitted without deposition of the amount of penalty ordered by the competent authority or reduced amount if any by the appellate authority.

#### **4. Substitution of Section 14.**

For Section 14 of the Principal Act, the following Section shall be substituted, namely:-

"14. Notwithstanding anything to the contrary contained in any other Act, except the Act or Acts enacted by Parliament and the rules framed thereunder, the provisions of this Act shall apply."

**Samiran Das,**  
Secretary, Law.  
Government of Tripura.

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