

THE KARNATAKA PAWN-BROKERS RULES, 1966

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THE

KARNATAKA PAWNBROKERS RULES, 1966

1. Title- These rules may be called the Karnataka Pawn brokers Rules 1966.
2. Definitions- In these, rules, unless the context otherwise requires
 - (a) 'ACT' means the Karnataka Pawn-brokers Act, 1961
 - (b) 'Form' means a form appended to these rules
 - (c) 'Licensing Authority' means the Registrar of Money Lenders appointed under the Karnataka Money Lenders Act, 1961
 - (d) 'Section' means a section of the Act.
- 2A. Prescribed Authority-The Registrar General of Money Lenders shall be the prescribed authority for the purpose of Section 4-D.
3. Application for licence- (1) A person desiring to carry on the business of taking goods and chattels in pawn for a loan shall make an application for a pawn-brokers licence addresses to the Licensing Authority for the area in which he carries on business. The application shall be delivered at the Office of the Assistant Registrar of Money Lenders appointed as such under the Karnataka Money Lenders Act 1961, during office hours either personally by the applicant or through an agent duly authorized in writing in this behalf or sent by registered post addressed to such [provided that where an application for grant of licence Assistant Registrar.
(2) An application for the grant of a licence for the first time may be made at any time[Form A1] and an application for renewal of licence shall be made[in Form A2] [before the last date of October of every year]

[provided that where an application for grant of licence for the first time is made between the first day of November and thirty-first day of December of a year, the application for renewal of licence for the succeeding year shall be made before the expiry of the period of licence]
4. Manner of payment of licence fees- The fees payable in respect of application for the grant or renewal of a licence shall be paid either in cash at the time of presenting the application or by Money Order addressed to the Assistant Registrar of Money Lenders or by crediting to

Government account at a Treasury, sub-Treasury or the Reserve Bank of India . The receipt for having sent the Money Order or the Treasury or Bank challan as the case may be shall be attached to such application.

4-A Payment of security amount –(1)Every licensee shall deposit in the Government Treasury in cash, the security amount specified in Section 4-A

under the head of account notified by the licensing authority.

(2) The treasury receipt for having deposited the security amount shall be sent to the licensing authority.

4-B . Communication of order under Section 4-B- Every order of the licensing authority under Section 4-B shall be communicated to the licensee

either personally or to his agent or by registered post acknowledgement due

addressed to the licensee's residence or place of business or last known residence or place of business.

4-C Payment out of forfeited amount-1. A borrower who has been affected by

the acts of a licensee shall make an application to the licensing authority specifying the nature of claim and the amount due from such licensee.

2. The licensing authority may on receipt of an application under sub-rule(1) after holding such enquiry as it deems fit, determine the amount payable to the applicant out of the forfeited amount.

Provided that if there are more than one applicant the amount shall be paid ratably in proportion to the amount determined to be payable to the applicants.

4-D Refund of security amount-(1) A licensee who has wound up his business or has not renewed his license may apply to the licensing authority for refund of the amount deposited under Section 4-A

2. The licensing authority may, on receipt of an application under te rule(1) after being satisfied that the lincenee has either wound up his business or has not renewed his license and that no case against him regarding contravention of any of the provisions of the Act or of the rules made there under is pending, order refund of the amount deposited under section 4-A or so much of the balance thereof, if any, remaining after the forfeiture to the Government under Section 4-B.

5. Grant or renewal of Licence- The Assistant Registrar of Money Lenders after making such enquiries as to the bona fides of the applicant for a licence shall forward the applications to the Licensing Authority who after such further enquiry, if any, as he deems fit may subject to the provisions of Section 4 by order grant, renew, refuse to grant, or renew the licence. The licence if granted or renewed shall be in Form B and C subject to the conditions specified therein.

6. Reasons for refusing to grant or renew a licence to be communicated to applicant-Where the Licensing Authority refuses to grant or renew a licence, the reasons for doing so shall be recorded in writing and communicated to the applicant.

7. Appeal against Order refusing the grant or renewal of a licence-(1) An appeal against the order of a Licensing Authority refusing to grant or rene a licence shall be to the Registrar General O Money Lenders appointed as such under the Karnataka Money Lenders Act, 1961, and shall be filed within a period of 30 days from the date on which the order of refusal is communicated to the applicant.

(2) The Appellate Authority shall decide the appeal after iving the appellant or his pleader, as the casemay be, a reasonable opportunity of being heard.

8. Display of licences- Every pawn-broker shall exhibit his licence in a prominent place on the premises he carries on the pawn-broker's business . The number of his licence shall be indicated in the signboard displaying the name in which he is carrying on business.

Provided that the Registrar General of Money Lenders or the Registrar of Money Lenders may, subject to the general or special Order of the State Government exempt any pawn-broker from the operation of all or any of the provisions of this rule.

9. Issue of duplicate licence-(1) When a licence granted under these rules is lost, destroyed or torn or otherwise defaced in such a manner as to render it illegible, the pawn-broker may make an application to the Licensing Authority through the Assistant Registrar of Money Lenders concerned, for the grant of a duplicate licence.

(2) Where a duplicate licence is required on the ground that the original licence is torn or defaced, the money lender shall surrender the original licence to the Licensing Authority along with the application made under sub-rule(1).

(3) The application under sub-rule (1) shall be accompanied by a fee of rupees one and shall be paid in the same manner as specified in Rule-4.

(4) On receipt of such application, if the Licensing Authority is, after making such inquiry as he may deem necessary, satisfied that a duplicate licence may be issued to the pawn-broker, he shall issue a duplicate licence and direct the Assistant Registrar of Money Lenders to make a note of the issue of such duplicate licence to the pawn-broker against his name in the register of licences maintained by him.

(5) The duplicate licence so issued shall bear on its face the number and date of original license and shall also bear the word 'Duplicate'.

10. Forms of declaration- The declaration where pledge is claimed by the owner shall be in Form C and the declaration of pawn ticket, lost shall be in Form D

11. Pledge Book- The pawn-brokers shall maintain a pledge book in Form E

12. Pawn Ticket, Sale book of pledges and Receipt on Redemption Pledge- The pawn ticket, the sale book of pledges and the receipt on redemption of pledge shall be in Forms F, G and H, respectively.

13.Charges allowed to Pawn-brokers-(1) The charges which a broker may demand and take from the pawner in respect of the following cases shall be as indicated therein namely,-

(a) For inspection of the entry of a sale in the sale book of pledges referred to in sub-clausi(ii) of clause(b) of sub-section(1) section 10 shall be [two rupees]

(b) For a statement of accounts furnished by him under clause(d) of sub-section(1) of Section 10-

TABLE

		Rs. P
1	If the amount of the loan does not exceed Rs.1000	2-00
2	If the amount of loan exceeds Rs.1000 but does not exceed Rs.5000	5-00
3	If the amount of loan exceeds Rs.5000 but does not exceed Rs.10000	10-00
4	If the amount of loan exceeds Rs.10000 but does not exceed Rs.25000	25-00
5	If the amount of loan exceeds Rs.25000 and above	50-00

(2) Separate fee may be charged in respect of each loan and each requisition

(3) The carges levied under sub-rule(1) may be recovered by the pawn broker as if the same were included in the loan but no interest shall be charged on such charges.

(4) Where a pawner redeems the pledge before it is actually disposed of by sale in public auction the pawn-broker may demand and take from him the charges, if any incurred by the pawn-broker in bringing the pledge to auction.

14. Certification of copy of account- No copy of the account maintained by the pawn-broker shall be admissible in evidence unless it contains a certificate at

the foot, by the pawn-broker himself or his agent. The certificate shall be in Form J.

15. Language in which records, etc, should be maintained-All records or entries made in the books, accounts and documents referred to in sub-section (1) of Section 10 shall within the area mentioned in column (2) of the Table below be either in English or in Hindi subject to review after one year or in the language or languages mentioned in the corresponding entry in column(3)thereof-

TABLE

Sl.No	Area	Language or Languages
1	Bangalore city	Kannada
2	Bangalore, Mandya, Mysore	
3	Hassan, coorg, South Kanara	
4	Shimoga, Chikmagalur, Tumkuru	
5	Chitradurga, Dharwar	
6	Bijapur	
7	Kolar	
8	Bellary	
9	Karwar and Belgaum	
10	Raichur, Gulburga and Bidar	

16. Manner of furnishing statement of account-(1) The statement of accounts referred to in clause(d) of sub-section(1) of Section 10 shall be sent to the pawner by registered post, acknowledgement due to the address given in requisition made by the pawner.

Provided that it shall not be necessary to send I by registered post where the pawner has agreed in writing to the statement being delivered personally.

(2)When a pawner takes personal delivery of the statement of account he shall acknowledge receipt of the same in writing. The pawner shall sign the acknowledgement or if he is illiterate, affix his thumb impression thereto.

(3)if the statement of account is sent by registered post the production of the postal receipt and acknowledgement shall be sufficient proof of the sending of such statement.

(4)The charges for sending the statement by registered post shall be entered in the accounts and shall be recoverable by the pawn-broker along with the loan amount. But no interest shall be charged on such charges.

17. Public Notice of claim in certain cases- The public notice referred to in the proviso to clause(a_ of sub-section(1) of Section 9 shall contain the following particulars, namely,-

- (a) the name, place of business and licence number of the pawn-broker concerned.
- (b) Full and detailed description of the article(weight to be noted in case of jewels):
- (c) Name and address of the pawner, and
- (d) The basis on which the applicant makes his claim, that is, whether as the owner of the pledge but not holding the pawn ticket or as a person claiming to be entitled to hold the pawn ticket but alleging that it has been lost, mislaid, destroyed, stolen, or fraudulently obtained from him.

(2) The notice under sub-rule(1) shall be published on two successive days in a newspaper circulating in the place where the pawn-broker carries on his business and approved by the licensing authority, or the Inspector of Money Lenders and the Pawn-broker twenty-one days before the date of making the application.

18.Prescribed Authority for the purpose of proviso(1) to section 9(1)(b)-The authority for the purposes of proviso(1) to clause (b) of sub section(1) of Section 9 shall be the Tahsildar of the Taluka in which the pawn-broker has his place of business or where a Deputy Tahasildar is holding charge independently of the Tahsildar, such Deputy Tahsildar.

19.Period within which declaration should be delivered to the pawn broker-
The period within which the declaration referred to in proviso(ii) to clause (b)

of sub-section(1) or Section 9 shall be delivered back to the pawn-broker shall be fifteen days after the delivery of the form of declaration to the applicant.

20. Procedure in auction of pledges- The procedure for sale by public auction of pledges shall be as follows-

(1) The sale shall be conducted by an auctioneer approved by the Licensing authority or from the Inspector of Money Lenders and the pawn brokers.

(2) The auctioneer shall,-

(i) cause all pledges to be exposed to public view,

(ii) get a catalogue of the pledges to be sold in auction containing the following particulars printed-

(a) The name, place of business and licence number of the pawn-broker concerned:

(b) Date of loan:

(c) Number of the pledge in the pledge book:

(d) Full and detailed description of the article(weight to be noted in case of jewels):

(e) Name and address of pawner, and

(f) Date, hour and place of sale:

(iii)publish the printed catalogue by getting a copy thereof posted at the place of business of the pawn-broker and by distributing copiesw among intending bidders.

(iv) send at least a week before the date fixed for the sale;

(a) Two copies of the printed catalogue to the police station having jurisdiction over the premises when the auction is to be held, one copy for being posted on the notice board of te police station and another copy for record at the police station

(b) One copy of the printed catalogue to the police station or each of the police stations having jurisdiction over the place

of the business of the pawn-broker concerned for record at such police station and

(c) In any case, shall notify each of the police stations having jurisdiction over the places of business of the pawn-broker concerned and the place of places of sale, and postponement of such auction and all the subsequent dates of auction:]

(v) send a copy of the printed catalogue by registered post to the pawner at least a week before the date fixed for sale.

(3) The pledges of each pawn-broker in the catalogue shall be separatel from the pledges of any other pawn-broker notifying the sale in a news paper approved by the Licensing Authority or the Inspector of Money Lenders and the Pawn-brokers furnishing the following details also-

(a) The pawn-broker's name and place of business and

(b) The months in which the pledges were pawned.

(4) Where the pawn-broker himself bids at the sale, the auctioneer shall not take the bidding in any form other than that in which be takes, the bidding of other persons at the same scale, and the auctioneer on knocking down any article to a pawn-broker shall forthwith declare audibly the the name of the pawn-broker as purchaser.

(5) The auctioneer shall within fourteen days, after the sale, delive to the pawn-broker an authenticated copy of the catalogue, or of so much thereof as relates to the pledges of that pawn-broker indication also the chares or the sale of each article.

(6) The pawn-broker shall preserve every such catalogue for at least three years after the auction.

(7) Pawn ticket produced after three years by the pawner shall not be entertained]

[See Rule 3]

Application for the grant of a licence to Pawn Broker in the office of the Assistant Registrar of-----

P.O..... Taluk..... District.....		
1	Name of the applicant with father's or husband's name , surname, residence and address in full. Name of the manager and the adult coparceners of the undivided Hindu family, with father's name, surname, residence and address in full. Name of the Director, Manager or Principal Officer managing the Bank or company with the father's or husband's name, surname, residence and address in full. Name of all the persons forming an unincorporated body, with father's or husbands name surnames, residence and address in full.	
2	Name in which the applicant carries on or intends to carry on his Pawn broking business	
3	Name of the area within which the applicant has his business of Pawn broking on the dates of the application	
4	Names of persons responsible or proposed to be responsible for the management of the applicants pawn broking business with their father's or husband's name, surname, residence and address in full	
5	Location of the applicant's place or principal place of usiness, with full particulars thereof and the name father's or husband's name surname and address of the person in charge.	
6	Whether the person signing the application or any of the adult coparcener of an undivided Hindu Family or any Director, Manager or Principal Officer of the Bank or Company or any application is made as the case may be carried on the usiness o pawn broking in the province in the year ending on the 31 st day March immediately proceeding the date of the application either individually, or in partnership of jointly wit any other	

	coparcener or any other person and whether in the same or any other name.	
7	Is the applicant or any other person on behalf of whom the application has been made carrying on or intends to carry on the business of pawn broking in any other place in the province? If so, give complete particulars with the name, father's or husband's name surname and address of the location of each office and the area within the business of pawn broking is being carried on or is proposed to be carried on at each such place.	
8	What is the extent of the total business of the applicant on 31 st March?	
9	What is the total amount of the capital which the applicant intends to invest in the business of Pawn broking in the year for which the application has been made?	
10	Has the applicant carried on the business of Pawn broking in the past and if so since when?	
11	Has any application or licence previously been made? If so, when where and with what results?	
12	In case the applicant has previously been granted, give full particulars of the licence.	
13	Has any licence granted previously to the applicant been cancelled or suspended or does it contain any endorsements of the court or any disqualifications imposed by the court? If so, full particulars should be given including the name of the officer and/or court and the date and terms of the order.	
14	Is Pawn broking the sole business of the applicant or is he engaged in any other business, profession or calling?	
15	(i) Whether the applicant is a full time servant in the employment of Government or of a local authority, if so, state the designation of the post held and (ii) Whether by rules applicable to him in that capacity he is entitled to start or carry on the business of pawn broking? Whether the applicant has paid the prescribed fee(Challan should be enclosed)	

[See Rule 3]

Application for renewal of a licence to Pawn Broker in the office of the Assistant Registrar of-----

P.O.-----		
Taluk----		
District---		
1	Name and address of the Pawn Broker/Firm in full	
2	Name of the Manager/Proprietor/Managing Director who is responsible to maintain accounts etc.	
3	Previous Licence Number and date	
4	Year upto which the licence is renewed	
5	The total turnover/business for the previous year ended	
6	Whether the security deposit has been remitted to the Government in accordance with the slab prescribed? If so, please specify the Challan No. and date	
7	Whether the address of the Pawn Broker or firm is changed or not? If changed whether the permission of the Competent Authority is obtained or not?	
8	Whether the applicant is carrying on the business of Pawn Broking in more than one place? If yes, give particulars of branches with addresses permission licence tec:	
9	Name of the area within which the applicant has his business of Pawn Broking on the date of application	
10	What is the year for which the applicant's accounts are maintained?(Furnish audited balance-sheet/returns, as the case may be)	
11	Whether the auctions have been conducted as per Rules? If so give particulars of auctions conducted	
12	Details of fees remitted to the government	
13	Details of fees remittance of Professional Tax and Income tax	
Certified that the particulars furnished above are true to the best of my knowledge and belief.		

Place.....

Date.....

Signature of the applicant with seal

FORM B

[See rule 5]

I..... the Registrar of Money Lenders being the Licensing Authority prescribed under the Karnataka Pawn-Brokers Act 1961, do hereby authorize and empower Sri.....now residing at.....ofto carry on the business of a pawn-broker in premises No.....in.....District from.....upto and until the 31st day of Mar.....on the conditions noted below:-

1. This licence shall not be transferred to any other persons
2. This licence shall be produced before any Licensing Authority or the Inspector of Money Lender and the Pawn-brokers, whenever demanded, by such officer.
3. The licence shall exclude premises or persons of bad character from the licensed premises.
4. All books, accounts and documents maintained by the licensee and all pledges taken by him shall be open to inspection by any Licensing Authority or the Inspector of Money Lenders and the Pawn brokers.
5. The licensee shall not remove any article pledged with him to any place outside the town or villae in which he is carrying on the business of a pawn-broker except with the permission in writing of the Licensing Authority of the Inspector of Money Lenders and the Pawn-broker.
6. A breach of any of the above conditions shall be punishable in accordance with the provisions of sub-section(1) of Section 18 of the Act.

Given under my hand and seal theday of.....Fee paid Rs

Registrar of Money Lender
(Licensing Officer)

FORM C

[See Rule 10]

Declaration when Pledge is claimed by owner

This declaration shall not be effectual unless it is duly made and delivered back to the pawn broker not later than fifteen days after the day on which the form was delivered to the applicant by the pawn-broker.

Last date for delivery back to pawn broker.

Any person making the declaration either as an applicant or as identifying an applicant, knowing the same to be false in any material particular is punishable under sub-section(2) of Section 9 of the Act.

I,.....of.....in pursuance of the Karnataka Pawn-brokers Act 1961(Karnatak Act 13 of 1962) do solemnly and sincerely declare that the article/articles described below is/are my property and that I believe it is/they are pledged at the shop of.....

The article/articles above referred to is/are of the following description

Signature of the Owner

Designation

Address

I.....in pursuance of the said Act do solemnly and sincerely declare that I know the person now making the foregoing declaration to....

Signature of Identifying person

Designation

Address

Declare before me this.....day of.....

Magistrate or Judge

FORM D

[See Rule 10]

Declaration where pawn ticket is lost etc.,

(This declaration shall not be effectual unless it is duly made and delivered back to the pawn-broker not later than fifteen days after the day of which the form was delivered to the applicant by the pawn-broker.

Last day for delivery back to pawn-broker.....

Any person making the declaration either as an applicant or identifying an applicant, knowing the same to be false in any material particular shall be liable under sub-section (2) of Section 9 of the Act)

I,.....of.....in pursuance of the Karnataka pawn-brokers Act, 1961(Karnataka Act 13 of 1962), do solemnly and sincerely declare that I pledge at the shop ofpawn-broker, the article/articles described below being my property and having received a pawn ticket for the same , which was since been.....by.....and that the pawn-ticket has not been said or transferred to any person by me or to my knowledge or belief.

The article/articles above referred to is/are of the following description.

Signature of Pawnee

I,.....of.....in pursuance of the said Act do solemnly and sincerely declare that I know the person now making the foregoing declaration to beof.....

Signature of identifying
person
Designation
Address

Declared before me this.....day of.....

Magistrate or Judge

FORM E

[see Rule 11]

Pledge book

Name of Pawner

Full address

1. Number of pledge
2. Date of loan
3. Amount of principal of the loan
4. Rate of interest charged
5. The amount of every payment
Received towards loan and the
Date
6. Full and detailed description of the
Articles(weight to be noted in the
Case of jewels)
7. Value of article or articles
8. The time agreed upon for the
Redemption of the pawn
9. Date of redemption on sale in
Auction
10. Name and address of the owner,
If he is not himself the pawner.
11. Name and address of person
Redeeming or purchasing at
Sale in auction

Note: All entries in the pledge book except Items 5, 9 and 11 respecting each pledge shall be simultaneously made along with the transaction.

FORM F

[See Rule 12]

Pawn Ticket

Number of Pledge

Name and address of pawn-broker

Number and date of licence of pawn-broker

The following article/articles in/are pawned with me.

1. Name and full address of pawner
2. Date
3. Amount of principal of the loan
4. Rate of interest charged
5. Full and detailed description of
The articles(weight to be noted
In the case of jewels)
6. Valu of article or articles
7. The time agreed upon for redemption of the articles
8. Signature or thumb-impression of the pawner.
(Signature /Thumb impression of pawner)

Signature of pawn-broker
or his agent

Reverse

1. The rate of interest on any pledge shall not exceed.
 - (a) Eighteen percent per annum simple interest(that is to say, 1.5 per rupee per mensum simple interest in the case of loans of twenty-five rupees and below: and
 - (b) Fifteen percent per annum simple interest(that is to say 1.25 per rupee per mensum simple interest in other cases).
2. Every pledge shall be redeemable within a period of one year or such longer period as may be provided in the contract between the parties from the day of pawning (exclusive of that day) and shall continue to be redeemable during seven days of grace following the said period.
3. The holder of this ticket is presumed to be the person entitled to redeem the plede.

4. If this ticket is lost, mislaid, destroyed or stolen or fraudulently obtained from the pawner, the pawner should at once apply to the pawn-broker for the supply, free of cost of a printed form of declaration to be made before a Magistrate or a Judge, complete it and deliver it back to the pawn broker not later than fifteen days after the date of the delivery of the form by the pawn-broker. The pawner shall then have the same rights and remedies as if he had produced the pawnticket.
5. Where the loan exceeds two hundred and fifty rupees, the applicant shall before applying to the pawn-broker cause to be published a notice containing the following particulars, namely:-
 - (a) The name, place of business and licence number of the pawn-broker concerned.
 - (b) Full and detailed description of the articles (weight to be noted in the case of jewels)
 - (c) Name and address of the pawner, and
 - (d) The basis on which the applicant makes his claim, that is whether as the owner of the pledge but not holding the pawn-ticket or as a person claiming to be entitled to hold the pawn ticket but alleging that it has been lost, mislaid, destroyed, stolen or fraudulently obtained from him.

Such notice shall be published on two successive days in a newspaper circulating in the place where the pawn-broker carries on his business and approved by the Licensing Authority or the Inspector of Money Lenders and the Pawn-broker.

The application for the Form of declaration shall be made 21 days after the publication of the notice.

FORM G

[See Rule 12]

Sale Book of Pledges

Date and place of sale

Name and place of business of auctioneer.

1. Number of pledge as in the Pledge book
2. Date of pawning
3. Name of Pawner
4. Amount of loan
5. Amount for which pledge is sold
As stated by the auctioneer.
6. Signature of the auctioneer or his agent
7. Name and address of purchaser.

FORM H

[See Rule 12]

Receipt on redemption of pledge

Received from.....on redemption of pledge number
.....amount of loan interest
.....
Date.....

Total
Signature of pawn-broker or his
agent

FORM J

[See Rule 14]

Certificate of the Pawn-broker or his Agent

I certify that the above is a true copy of the account maintained under clause (a) of subsection(1) of Section 10 of the Karnataka Pawn-broker Act, 1961, (Karnataka Act 13 of 1962) for the loan of Rs.....taken

by.....on.....(Date) and that there are no alterations or erasures in the account (except the following)

(1)

(2)

(3)

Signature of Pawn-broker or his Agent