

## Displaced Persons Debts Adjustment Act, 1951

### Section 17 - Debts Secured on Movable Property

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(1) Where in respect of a debt incurred by a displaced debtor and secured by the pledge of movable property belonging to him, the creditor had been placed in possession of such property at any time before the debtor became displaced person, the following rules shall regulate the rights and liabilities of the creditor and the debtor, namely:--

(a) the creditor may, if he is still in possession of the pledged property, realise the sum due to him by the sale of such property after giving to the debtor reasonable notice of the sale;

(b) the creditor shall not be liable, in the case where the pledged property is no longer in his possession or is not available for redemption by the debtor, to recover from the debtor the debt or any part thereof for which the pledged property was security;

(c) the debtor shall not be liable, in the case of a sale by the creditor of any pledged property, whether under clause (a) or otherwise, to pay the balance where the proceeds of such sale are less than the amount of the debt due;

(d) the creditor shall in any case where the proceeds of the sale of the pledged property are greater than the amount of the debt, pay over the surplus to the debtor.

Explanation I.--For the purposes of this section, the creditor shall be deemed to be in possession of the pledged property in any case in which the pledged property, although not delivered to him was delivered to a person authorised by him or was being held by the debtor on behalf of the creditor, and the ownership or possession thereof could not have been transferred to a third party without the express consent or permission of the creditor.

Explanation II.--Where any motor vehicle or other movable property has been purchased with money the whole or any part of which has been advanced by a creditor who retains the ownership thereof by way of security but allows the debtor to use it with his permission, the property shall for the purposes of this section be deemed to be pledged property of the debtor in the possession of the creditor.

(2) Notwithstanding anything contained in this section, the creditor shall be entitled to receive, and to give a valid discharge in respect of, any sum due under this Act or under any other law for the time being in force from an insurance company in respect of any claim arising out of the loss or destruction of the pledged property, but the creditor shall, in any case where the sum received from the insurance company is greater than the amount of the debt due to him, pay over the surplus to the debtor.

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