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Interest Act, 1978

Preamble 1 - Interest Act, 1978

INTEREST ACT, 1978 INTEREST ACT, 1978 14 of 1978 31st March, 1978 The Law Commission of India in its sixty-third report had recommended the revision of the existing Interest Act, 1839. This Act is a very short one; besides a preamble, it contains only one section and a proviso. However, it is a statute of importance, since it prescribes the general law of interest which becomes applicable in the absence of any contractual or statutory provisions specifically dealing with the subject. According to the Commission, almost every phrase used in the Act has given rise problems of interpretation and judicial decisions have disclosed divergence of views in respect of the same. The Commission has revised the Act comprehensively so to as make its provisions more precise, specific unambiguous and juristically satisfactory. It is proposed to replace the existing Act by new Act based on the recommendations of the Law Commission. - See Gaz. of India, 16-9-1977, Pt. II, S. 2, Ext. p. 886. An Act to consolidate and amend the law relating to the allowance of interest in certain cases. Be it enacted by Parliament in the Twenty-ninth Year of the Republic of India as follows:-