

The M.P. Indian Contract (Amendment) Act, 1938

MADHYA PRADESH

India

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Act 15 of 1938

- Published on 1 January 1938
- Commenced on 1 January 1938
- [This is the version of this document from 1 January 1938.]
- [Note: The original publication document is not available and this content could not be verified.]

The M.P. Indian Contract (Amendment) Act, 1938 No. 15 of 1938 Statement of Objects and Reasons.
- In India the specific rules of English law in respect of champertous agreements have not been adopted and the only provision for holding some of them illegal is Section 23 of the Indian Contract Act, 1872 (IX of 1872). The Civil Justice Committee were of the opinion that the Law should be so amended as to check the evils which arise from champertous litigation. The amendments proposed will implement the recommendation of the Committee. An Act to amend the Indian Contract Act, 1872, in its application to the [Madhya Pradesh] [Substituted for the words 'Central Provinces and Berar' vide M.P. Act No. 23 of 1958]. Whereas it is expedient to provide for the setting aside of champertous agreements and to amend the Indian Contract Act, 1872 (IX of 1872), for the purpose; It is hereby enacted as follows :-

1. Short title.

- This Act may be cited as The [Madhya Pradesh] [Substituted for the words 'Central Provinces and Berar' vide M.P. Act No. 23 of 1958.] Indian Contract (Amendment) Act, 1938.

2. Insertion of Sections 19-B and 19-C in Act IX of 1872.

- After Section 19-A of the Indian Contract Act, 1872 (IX of 1872), the following sections shall be deemed to be inserted, namely :-
"19-B. Definition of maintainer and champertous agreement. - (a) 'Maintainer' means a person who gives assistance or encouragement to one of the parties to a suit or proceeding and who has neither an interest in such suit or proceeding nor any other motive recognized by law as justifying his interference. (b) 'Champertous agreement' means an agreement whereby the nominal plaintiff agrees with the maintainer to share with or give to him a part of whatever is gained as the result of the suit maintained."
"19-C. Power to set aside champertous agreement. - A champertous agreement may be set aside upon such terms and conditions as the Court may deem fit to impose."