

# **Banking Companies (Legal Practitioners' Clients' Account) Act, 1949)**

UNION OF INDIA

India

## **Banking Companies (Legal Practitioners' Clients' Account) Act, 1949)**

### **Act 46 of 1949**

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An Act to restrict the liability of banking companies in connection with certain transactions by legal practitioners.

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

(1) This Act may be called the Banking Companies (Legal Practitioners' Clients' Accounts) Act, 1949 .(2) It extends to the whole of India.](3) It shall come into force in the Presidency- town of Bombay at once, and in the rest of the State of Maharashtra] or any part thereof or in any other State or in any part of such State] on such date or dates as the Central Government may, by notification in the Official Gazette, appoint.

#### **2. Definitions.- In this Act, unless there is anything repugnant in the subject or context,--**

(a) "banking company" means any banking company as defined in section 5 of the Banking Companies Act, 1949 (1 of 1949 ), and includes the State Bank of India a corresponding new bank constituted under section 3 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 (5 of 1970 ), 1 a Regional Rural Bank established under section 3 of the Regional Rural Banks Act, 1976 (21 of 1976 ) 2 a corresponding new bank constituted under section 3 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1980 (40 of 1980 ) and any subsidiary bank] as defined in the State Bank of India (Subsidiary Banks) Act, 1959 (38 of 1959 );](b) "legal practitioner" has the same meaning as in the Legal Practitioners Act, 1879 (18 of 1879 ).

### **3. Restriction of liability of banking companies in certain cases.-**

(1)Where, under any law or rules having the force of law, a legal practitioner keeping an account in a banking company for clients' moneys may only operate on such account for specified purposes, then, neither the banking company with which such an account is kept nor any other banking company shall, in connection with any transaction relating to such account, incur any liability, or be under any obligation to make any enquiry, or be deemed to have any knowledge of any right of any person to any money paid or credited to such account, which it would not incur, or be under, or be deemed to have, in the case of an account kept by a person entitled absolutely to all the money paid or credited to the account: Provided that nothing in this sub- section shall--(i)apply to the case of an account kept by a legal practitioner as trustee for a specified beneficiary, or(ii)relieve a banking company from any liability or obligation which it would incur or be under, apart from this Act.(2)Notwithstanding anything contained in sub- section (1), a banking company in which a legal practitioner keeps an account for clients' moneys shall not, in respect of any liability of such practitioner to the banking company, not being a liability in connection with that account, have or obtain any recourse or right, whether by way of set- off, counter- claim, charge or otherwise, against moneys standing to the credit of that account.