# Chapter 4 - Winding up of Chits


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## Chapter IV

### Winding up of Chits

**32. From of petition for winding up and presentation:** A petition for winding up of a chit shall contain the following particulars namely:-

(1) Full name, description, occupation and address of the petitioner;

(2) Address of his advocate, if any, for the service of all notices, process, etc.,

(3) Address of the foreman;

(4) Particulars of the chit-

(i) Number the date of registration of the chit agreement;

(ii) Office where the chit agreement was registered;

(iii) The chit amount;

(iv) The total number of tickets;

(v) The number of subscription and the number of tickets subscribed by each subscriber;

(vi) The number of non-prized subscribers on the date of the petition; and

(vii) The number of unpaid prized subscribers, if any;

(5)Facts on which the petitioner relies in support of the petition;

(6) particulars relation to the award and execution of other process which has been returned unsatisfied in whole or in part, if the ground of the petition is that execution of other process issued on an award of order of the Registrar in favour of any subscriber in respect of the amounts due to him from the foreman was returned unsatisfied in whole or in part;

(7) Full details to show that the condition prescribed in clause (a) of the proviso to Section 49 is satisfied if the winding up of the chit is applied for under clause (d) of Section 48;

(8) Whether the previous sanction of the State Government has been obtained, if clause (b) of the proviso to Section 49 applies. (A copy of the relevant order of the State Government shall be attached).

**33. Proposals for collection and distribution of chit assets:-** (1) The Receiver shall as soon as possible settle and submit to the Registrar a statement (hereinafter referred to as the “Provisional Statement”) showing-

(a) The names of subscribers and other persons from whom money are due to the chit;

(b) The names of the subscribers and other persons to whom moneys are due from the chit;

(c) Proposals as to how the chit assets are to be collected and applied in the discharge of its liabilities; and

(d) The amount proposed to be paid to each of the persons specified in clause (b).

(2) Notice of the preparation of the provisional statement accompanied by a copy there of shall be published and be served on the petitioner, the subscribers and other persons mentioned by the Receiver in such manner as the Registrar may direct. If the number of persons on whom notice is to be served is large, the notice may, in the discretion of the Registrar, be served on the petitioner only and advertised in one or more daily newspapers. The notice shall specify the date on which objections to the provisional statement will be herd and shall call upon any person
having such objections,

(i) to submit his statement of objections and the grounds there for supported by an affidavit before the date appointed by the Registrar in this behalf; and

(ii) to appear in person or by advocate on the date of hearing with all the evidence in support of his objections.

**34. Set –off to be allowed:-** When money is due from the foreman to a subscriber and also from the subscriber to the foreman, the subscriber shall be allowed the benefit of a set-off.

**35. Hearing of objections to the provisional statement:** - On the date fixed for the hearing of the objections under sub-rule (2) of Rule 33, the Registrar shall enquire into the objections and after considering the evidence, if any, adduced in support there of pass orders on the objections and call upon the Receiver to revise if necessary, the provisional statement in accordance with his orders. The Registrar shall fix a date by which such revision is to be made

and intimate orally or in writing such date to the persons who have appeared in person or through their advocated on the date of the hearing.

# Winding up of Chits ( 36 to 41 )

**36. Final order of settlement by Registrar:--** (1) As soon as possible thereafter and at least ten days before the date fixed under Rule35, the receiver submit to the Registrar a fresh list of subscribers or other persons to whom or from whom money is due and fresh proposals for the distribution of the available chit assets after making such further enquiry as may be necessary. The Registrar shall thereupon consider the said list and proposals and approve or modify them in such manner as consider the said list and proposals and approve or modify them in such manner as considers necessary. The Registrar shall pass final orders accordingly on the date fixed under Rule 35 for the collection and distribution of the chit assets. The Registrar may also pass such orders as may be necessary for the distribution of the available chits assets in case such assets happen to be insufficient to meet the sums which have to be paid to the subscribers.

(2) The final order passed by the Registrar under this rule shall be conclusive evidence of the several claims to be met out of the chit assets.

**37. Provision for expenses of winding up.—**In making proposals for the distribution of the chits assets, the Receiver shall specify the estimated amount of the cost of winding up including remuneration for the Receiver and such other types of expenditure as are incidental to the winding up and such estimated amount shall first be provided for and deducted from the value of the chit assets and the balance amount shall also be proposed for distribution in the provisional statement and the fresh list mentioned in Rule 36.

**38. Filling of final accounts by Receiver:--** (1) Upon the termination of the proceeding relating to the winding up, the Receiver shall file his final accounts with the Registrar and within fifteen days of such final accounts being passed by the Registrar the balance of money in the hands of the Receiver shall be paid the Registrar. The Receiver shall also state how the balance amount may be disposed of together with the reasons for his proposals. He shall also deposit with the Registrar all books, accounts and all other records relating to the chit which has been wound up.

(2) The Receiver may thereafter apply to the Registrar for a certificate of discharge from the duties as Receiver and for the vacating of his recognizance bonds entered into by him and the sureties, if any. On receipt of such application, the Registrar may pass orders of such discharge and vacating of the bonds and for the disposal of the final balance of the chits assets, if any.

**39. Final order of winding up by the Registrar:--** (1) After the affairs of a chit have been completely wound up, the Registrar shall make an order recording the fact of such winding up.

(2) A copy of such order shall be exhibited on the notice board of the Registrar.

**(40). Disposal of records.--** The books and papers of a chit which has been completely wound up and of the Receiver shall be retained and disposed of in such manner as the Registrar may direct.

**(41). Meetings.--** When the number of subscribers is large and the Registrar, whether on the application of the Receiver or not, at any stage considers that a meeting of all such parties is necessary in order to ascertain their wishes in any matter, the Registrar may pass an order for holding such a meeting. The Registrar may direct the manner in which and the time and place at which the meeting shall be held and the Receiver shall convene and

hold the meeting accordingly.