Foreman (18 to 19)

Chapter III

Foreman

18. Procedure in the case of security given by the foreman.—

[(1)(a)] In case of cash deposited in an approved bank in the name of the Registrar under sub-clause (i) of clause (a) of sub-section(1) of Section 20, the receipt or the book issued by the approved bank mentioned in the chit agreement shall be delivered to the Registrar.

[(1)(b) In case of bank guarantee from an approved bank under subclause (ii) of clause (a) of sub-section (1) of Section 20. The said bank guarantee shall be delivered to the Registrar].

(2) In case of Government securities transferred in favour of the Registrar under clause (b) of sub-section (1) of Section 20, the Registrar shall keep them in safe custody under his control in any Government Treasury.

(3) If the security charged is movable property other than deposit in an approved bank or Government securities, the foreman shall make all necessary arrangements for their deposit with the Registrar or with such bank or other agency as may be approved by the Registrar for ensuring that the property deposited is available as security for the proper conduct of a chit.

(4) In the case of trustee securities to be transferred in favour of the Registrar under clause (c) of sub-section (1) of Section 20.

(i) where the security is other than immovable property, the value of the security shall not be less than one and a half times the value of the chit amount, and

(ii) in respect of security of immovable property, the value of the security shall not be less than two times the value of the chit amount.

(5) A foreman of chit proposing to give (movable or immovable property as security for the proper conduct of a chit shall apply to the Registrar in Form X. The application under this sub-rule shall clearly furnish the correct and complete information regarding the property offered as security. In case the property offered is immovable property, the application shall be accompanied by the documents of title to the property and an encumbrance certificate for 30 years relating to the property.

(6) Where the immovable property offered as security is situated outside the jurisdiction of the Registrar having jurisdiction over the chit, the inspection of the property shall where the property is situated outside the State of Tamil Nadu, be made and report sent by the Registrar having jurisdiction over such property under an order special or general of the Government to which he is subordinate, who shall forward a report to the Registrar concerned as to the sufficiency of the security.

(7) If the security offered is accepted as sufficient by the Registrar, he shall record in writing on the application, a certificate of sufficiency in Form XI and attach a statement of the valuation made.

(8) If the security offered is not accepted by the Registrar, he shall give the applicant an endorsement to that effect.

19. Valuation of the chit amount in grain chits.—In grain chit for the purpose of security under Section 20, the grain

shall be valued, by the Registrar as follows:

(a) The total quantity of grain due from all subscribers at one installment of the chits shall be ascertained;

(b) The market value for the time being of the total quantity referred to in clause (a) shall then be calculated;

(c) In assessing the market value, the Registrar shall adopt the current market price at the nearest taluk town as ascertained from the Tahsildar having jurisdiction;

(d) One and a quarter times the market value mentioned in clause (b) shall be taken to be the chit amount for the purpose of furnishing security by the foreman under sub-section 91) of Section 20.

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