Chapter VIII - Termination of Chits

- Termination of Chits (39 to 43)

Termination of Chits (39 to 43)

39. Provision for continuation of chits in certain cases.-
(1) Where a foreman dies or becomes of unsound mind or is otherwise incapacitated, the chit may continue in accordance with the provisions of the chit agreement.

(2) Where a foreman is adjudicated as insolvent, withdraws from the chit under section 26, or fails to conduct the chit at any installment or on any other date before the next succeeding installment as may have been agreed upon by a special resolution, any one or more of such subscribers authorised by such resolution may, in the absence of any provision in the chit agreement for the future conduct of the chit, take the place of the foreman and continue the chit or make other arrangements for the further conduct of the chit.

40.Termination of chits.- A chit shall be deemed to have terminated,-

(a) when the period specified therefor in the chit agreement has expired provided the payment of dues to all the subscribers has been completed; or

(b) when all the non-prized and unpaid prized subscribers and the foreman consent in writing to the termination of the chit and a copy of such conceit is filed with the Registrar as required under section 41; or

(c) where a foreman dies or becomes of unsound mind or is otherwise incapacitated and the chit is not continued in accordance with the provisions of the chit agreement.

Provided that, in a case where the foreman is a firm, if a partner thereof dies or becomes of unsound mind or is otherwise incapacitated, the chit shall not be deemed to have terminated and the surviving partner or partners shall conduct the chit in the absence of any provision to the contrary in the chit agreement.

41. Copy of assent of consent to be filed with Registrar.-. A true copy of every assent referred to in section 26 and of every consent referred to in clause (b) of section 40 with their dates shall be filed by the foreman or by the surviving partner or partners, as the case may be with Registrar within fourteen days from the date of such assent or consent.

42. Refund of non-prized subscribers subscriptions.- Except in the cases referred to in clauses (a) and (b) of section 40,-

(a) every non-prized subscriber, shall, unless otherwise provided for in this Act or in the chit agreement, be entitled to get back his subscriptions at the termination of the chit without any deduction for dividend if any earned by him:

Provided that, any person to whom the rights of a non-prized subscriber are transferred in accordance with the provisions of section 35, shall, in addition to his subscriptions, be entitled to get back the subscriptions paid by such non-prized subscriber, subject, to the conditions specified in this section;

(b) if a chit terminates on a date earlier than the date originally fixed in the hit agreement the non-prized subscriber's claim shall be deemed to have arisen on the date on which he has notice thereof.

43. Subscribers dues to be first charge on chit assets.- Any amount due to the subscriber from a foreman in relation to the chit business shall be a first charge on the chit assets.