Registration Of Chits, Commencement And Conduct Of Chit Business (12 to 15)

12.Prohibition of transacting business other than chit business by a company.-

(1) Except with the general or special permission of the State Government, no company carrying on chit business shall conduct any other business.

(2) Where at the commencement of this Act, any company is carrying on any business in addition to chit business, it shall wind up such other business before the expiry of a period of three years from such commencement: Provided that the State Government may, if it considers it necessary in the public interest or for avoiding any hardship, extend the said period of three years by such further period or periods not exceeding two years in the aggregate.

13. Aggregate amount of chits.-

(1) No foreman, other than a firm or other association of individuals of a company or co-operative society, shall commence or conduct chits, the aggregate chit amount of which at any time exceeds twenty-five thousand rupees.

(2)Where the foreman is a firm or other association of individuals, the aggregate chit amount of the chit conducted by the firm or other association

shall not at any time exceed,-

(a) where the number of partners of the firm or the individuals constituting the association is not less than four, a sum of rupees one lakh;

(b) in any other case, a sum calculated on the basis of twenty-five thousand rupees with respect to each partner or individual.

(3)Where the foreman is a company or co-operative society, the aggregate chit amount of the chits conducted by it shall not at any time exceed ten times the net owned funds of the company or the co-operative society, as the case may be.

Explanation.- For the purposes of this sub-section, "net owned funds" shall mean the aggregate of the paid-up capital and free reserves as disclosed in the last audited balance sheet of the company or co-operative society, as reduced by the amount of accumulated balance of loss, deferred revenue, expenditure and other intangible assets, if any, as disclosed in the said balance sheet.

14.Utilisation of funds.-

(1) No person carrying on chit business shall utilise the money collected in respect of such business (other than commission or remuneration payable to such person or interest or penalty, if any, received from a defaulting subscriber), except for-

(a) carrying on chit business; or

(b)giving loans and advances to non-prized subscribers on the security of subscriptions paid by them; or

(c)investing in trustee securities within the meaning of section 20 of the Indian Trusts Act, 1882; or

(d)making deposits with approved banks mentioned in the chit agreement.

(2) Where any person carrying on chit business has utilised the money collected in respect of such business before the commencement of this Act, otherwise than for the purposes specified in subsection (1), he shall secure that so much of such money as have not been realised before such commencement are realised before the expiry of a period of three years from such commencement:

Provided that the State Government may, if it considers it necessary in the public interest to avoid any hardship, extend the said period of three years by such further period or periods not exceeding one year in the aggregate.

15. Alteration of chit agreement.- A chit agreement shall not be altered, added to or cancelled except with the consent in writing of the foreman and all the subscribers to the chit.

Revision #5
Created 16 January 2024 06:44:26 by Mohana Priya
Updated 19 January 2024 23:05:45 by Mohana Priya