Registration Of Chits, Commencement And Conduct Of Chit Business (4 to 6)

Registration Of Chits, Commencement And Conduct Of Chit Business

4.Prohibition of chits not sanctioned or registered under the Act.-

(1) No chit shall be commenced or conducted without obtaining the previous sanction of the State Government within whose jurisdiction the chit is to be commenced or conducted or of such officer as may be empowered by that Government in this behalf, and unless the chit is registered in that state in accordance with the provisions of this Act: Provided that a sanction obtained under this sub-section shall laps if the chit is not registered within twelve months from the date of such sanction or within such further period or periods not exceeding six months in the aggregate as the State Government may, on application made to it in this behalf, allow.

(2)An application for the purpose of obtaining a sanction under subsection (1) shall be made by the foreman in such form and in such manner as may be prescribed.

(3)The previous sanction referred to in subsection (1) may be refused, if the foreman, -

(a)had been convicted of any offence under this Act or under any other Act regulating chit business and sentenced to imprisonment for any such offence; or

(b)had defaulted in the payment of fees or the filing of any statement or record required to be paid or filed under this Act or had violated any of the provisions of this Act or the rules made thereunder; or

(c)had been convicted of any offence involving moral turpitude and sentenced to imprisonment for any such offence unless a period of five years has elapsed since his release :

Provided that before refusing any such sanction, the foreman shall be given a reasonable opportunity of being heard.

(4)The order of the State Government, and, subject to the provisions of sub-section (5), the order of the officer empowered under sub-section (1), issuing or refusing previous sanction under this section shall be final.

(5)Any person aggrieved by the refusal to issue previous sanction by an officer empowered under sub-section (1) may appeal to the State Government within thirty days of the date of communication to him of such refusal and the decision of that Government on such appeal shall be final.

5. Prohibition of invitation for subscriptions except under certain conditions.- No person shall issue or cause to be issued any notice, circular, prospectus, proposal or other document inviting the public to subscribe for tickets in any chit unless such notice, circular, prospectus, proposal or document contains a statement that the previous sanction required under section 4 has been obtained and the particulars of such sanction.

6. Form of chit agreement.- (1) Every chit agreement shall be is duplicate and shall be signed by each of the subscribers or by any person authorised by him in writing and the foreman and attested by at least two witnesses and it shall contain the following particulars, namely:-

(a) full name and residential address of every subscriber;

(b)the number of tickets including the fraction of a ticket held by each subscriber;

(c)the number of installments, the amount payable for each ticket at every installment and the interest or penalty, if any, payable on any default in the payment of such installments;

(d)the probable date of commencement and the duration of the chit;

(e)the manner of ascertaining the prizing subscriber at each installment;

(f)the maximum amount of discount which the prized subscriber has to forego at any installment;

(g)the mode and proportion in which the discount is distributable by way of dividend, foreman's commission or remuneration or expenses for running the chit, as the case may be;

(h) the date, time and place at which the chit is to be drawn;

(i) the installment at which the foreman is to get the chit amount;

(j) the name of the approved bank in which chit money shall be deposited by the foreman under the provisions of this Act;

(k) where the foreman is an individual, the manner in which a chit shall be continued when such individual dies or becomes unsound mind or is otherwise incapacitated;

(l) the consequences to which a non-prized or prized subscriber or the foreman shall be liable in case of violation of any of the provisions of the chit agreement;

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