Registration Of Chits, Commencement And Conduct Of Chit Business (6 to 7)

(m) the conditions under which a subscriber shall be treated as a defaulting subscriber;

(n) the nature and particulars of the security of to be offered by the foreman;

(0)the dates on which and time during which the foreman shall, subject to the provisions contained in section 44, allow inspection of chit records to non-prized and unpaid prized subscribers;

(p) the names of the nominees of each subscriber, that is to say, the names of the persons to whom the benefits accruing to the subscriber under the chit may be paid in the case of the death of the subscriber or when he is otherwise incapable of making an agreement;

(q) any other particulars that may, from time to time, be prescribed.

Explanation: - For the purposes of this sub-section, it shall be sufficient if the signature of each subscriber is obtained in separate copies of the agreement.

(2)The duration of a chit shall not extend beyond a period of five years from the date of its commencement;

Provided that the State Government may permit the duration of a chit up to a period of ten years if it is satisfied that it is necessary so to do, having regard to,-

(a) the financial condition of the foreman;

(b)his methods of operation;

(c)the interests of prospective subscribers;

(d)the requirements as to security; and

(e)such other factors as the circumstances of the easy may require.

(3)The amount of discount referred to in clause (f) of sub-section (1) shall not exceed their per cent, of the chit amount.

(4)Where the prized subscriber at any installment of the chit is required to be determined by auction and more than one person offer the maximum discount, the prized subscriber shall be determined by lot.

7.Filing of chit agreement

(1)Every chit agreement shall be filed in duplicate by the foreman with the Registrar.

(2)The Registrar shall retain one copy of the chit agreement and return the duplicate to the foreman with an endorsement that the chit agreement has been registered:

Provided that the Registrar may refuse to register the chit agreement on may one or more of the following grounds, namely:-

(a) that the security offered by the foreman under section 20 is insufficient;

(b)that the foreman 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;

(c)that the foreman 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;

(d)that the foreman 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 further that before refusing to register a chit under the first proviso, the foreman shall be given a reasonable opportunity of being heard.

(3)Every endorsement made under sub-section (2) shall be conclusive evidence that the chit is duly registered under this Act and the registration of a chit shall lapse if the declaration by the foreman under sub-section (1) of section 9 is not filed within three months from the date of such endorsement or within such further period or periods not exceeding three months in the aggregate as the Registrar may, on application made to him in this behalf, allow.

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