

Madhya Pradesh Dhan Parichalan Skeem (Pratishedh) Adhiniyam, 1975

19 of 1975

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An Act, to prohibit the promotion or conduct of Money Circulation Schemes. Be it enacted by the Madhya Pradesh Legislature in the Twenty-sixth Year of the Republic of India as follows-- 1 Received the assent of the President on the 2nd July, 1975; assent first published in the M.P. Rajpatra (Asadharan), dated the 14th July, 1975.

1. Short Title, Extent And Commencement :-

- (1) This Act may be called The Madhya Pradesh DhanParichalan Skeem (Pratishedh) Adhiniyam, 1975.
- (2) It extends to the whole of Madhya Pradesh.
- (3) It shall come into force on such date as the State Government

may, by notification, appoint.

2. Definitions :-

In this Act, unless the context otherwise requires.--

(a) "Chit" means a transaction whether called chit fund, chit, Kuri, or by any other name, by which its promoter, conductor or any other person responsible for the conduct of chit enters into an agreement with a number of subscribers that every one of them shall subscribe a certain sum by installments for a definite period and that each subscriber in his turn as determined by lot or by auction or by tender or in such other manner as may be provided for in the agreement, shall be entitled to a prize amount;

(b) "money" includes a cheque, postal order or money order;

(c) "money circulation scheme" means any scheme, by whatever name called or known, for the making of quick or easy money, or for the receipt of any money or valuable thing as the consideration for a promise to pay money, on any event or contingency relative or applicable to the enrollment of members into the scheme, whether or not such money is derived from the entrance money of the members of such scheme or periodical subscription and includes a chit.

3. Prohibition Of Money Circulation Schemes, Or Enrolment As Member Or Participation In Any Such Scheme :-

No person shall promote or conduct any money circulation scheme or enroll as a member in any such scheme, or participate in it otherwise or remit or receive any money in pursuance of such scheme.

4. Penalty For Contravening The Provisions Of Section 3 :-

Whoever contravenes the provisions of section 3 shall be punishable with imprisonment for a term which may extend to six months or with fine which may extend to one thousand rupees, or with both.

5. Penalty For Other Offences In Connection With Money Circulation Schemes :-

Whoever with a view to the promotion or conduct of any money circulation scheme in contravention of the provisions of this Act or in connection with any such money circulation scheme promoted or

conducted--

(a) Prints or publishes and ticket, coupon or other document for use in the money circulation scheme; or

(b) sells or distributes or offers or advertises for sale or distribution, or has in his possession, for the purpose of sale or distribution any ticket, coupon or other document for use in the money circulation scheme; or

(c) Prints, publishes or distributes, or has in his possession for the purpose of publication or distribution,--

(i) any advertisement of the money circulation scheme; or (ii) any list, whether complete or not, of members in the money circulation scheme, or

(iii) any such matter descriptive of, or otherwise relating to the money circulation scheme as is circulated to act as an inducement to persons to participate in that money circulation scheme or any other money circulation scheme; or

(d) brings, or invites any person to send, for the purpose of sale or distribution, any ticket, coupon or other document for use in, or any advertisement of, the money circulation scheme; or

(e) uses any premises, or causes or knowingly permits any premises to be used, for purposes connected with the promotion or conduct of the money circulation scheme, or

(f) causes or procures or attempts to procure any person to do any of the above mentioned acts;

shall be punishable with imprisonment for a term which may extend to three months, or with fine which may extend to five hundred rupees, or with both.

6. Offence By Companies :-

(1) If the person committing an offence under this Act is a company, the company well as every person in charge of, and responsible to the company for the conduct of its business at the time of the commission of the offence shall be deemed to be guilty of the offence and shall be liable to be proceeded against and punished accordingly :

Provided that nothing in this sub-section shall render any such person liable to any punishment if he proved that the offence was committed without his knowledge or that he exercised all due diligence to prevent the commission of such offence.

(2) Notwithstanding anything in sub-section (1) where an offence under this Act has been committed by a company and it is proved

that the offence has been committed with the consent or connivance of or that the commission of the offence is attributable to any neglect on the part of, any director, manager, secretary or other officer of the company, such director, manager, secretary or other officer shall also be deemed to be guilty of that offence and shall be liable to be proceeded against and punished accordingly.

Explanation.--For the purpose of this section--

(a) "Company" means any body corporate and includes a firm or other association of individuals, and

(b) "director" in relation into a firm means a partner in the firm.

7. Power To Enter Search And Seize :-

(1) It shall be lawful for any police officer not below the rank of an officer in charge of a police station--

(a) to enter if necessary by force, whether by day or night with such assistants as he considers necessary, any premises which he has reason to suspect, are being used for purposes connected with the promotion or conduct of any money circulation scheme in contravention of the provision of this Act;

(b) to search the premises and the persons whom he may find therein;

(c) to take into custody and produce before a judicial magistrate all such persons as are concerned or against whom a reasonable complaint has been made or creditable information has been received or a reasonable suspicion exists of their having been concerned with the user of such premises for purposes connected with, or with the promotion or conduct of any money circulation scheme; and

(d) to seize all things found therein which are intended to be used or reasonably suspected to have been used in connection with such money circulation schemes.

(2) Any officer authorised by the State Government in this behalf may--

(a) at all reasonable times, enter into and search any premises which he has reason to suspect, are being used for the purposes connected with the promotion or conduct of any money circulation scheme in contravention of the provisions of this Act;

(b) examine any person having the control of, or employed in connection with, any money circulation scheme;

(c) order the production of any documents, books or records in possession or power of any person having the control of, or

employed in connection with any money circulation scheme; and
(d) inspect and seize any register, books of accounts, documents or any other literature found therein.

(3) All searches under this section shall be made in accordance with the provisions of the Code of Criminal Procedure, 1973 (No. 2 of 1974).

8. Forfeiture Of Newspapers And Publication Containing Money Circulation Schemes :-

Where any newspaper or other publication contains any money circulation scheme promoted or conducted in contravention of the provisions of this Act or any advertisement in relation there to, the State Government may, by notification declare every copy of the newspaper and every copy of the publication containing the money circulation scheme or the advertisement to be forfeited to the State Government.

9. Power To Try Offences :-

No court inferior to that of the Judicial Magistrate of the first class shall try any offences punishable under this Act.

10. Offences Under This Act To Be Cognizable :-

Any offence punishable under this Act shall be cognizable.

11. Act Not To Apply To Money Circulation Scheme Promoted By State Government :-

Nothing in this Act shall apply to a money circulation scheme promoted by the State Government or by any officer or authority on its behalf.

12. Transitory Provision :-

(1) Notwithstanding anything contained in this Act, a person conducting a money circulation scheme on the date of commencement of this Act may continue to conduct such scheme for such period as may be necessary for the winding up of the business relating to the said scheme but such period shall not extend beyond the period of six months from the date of commencement of this Act :

1[Provided that the promoter of the said scheme shall furnish to

the State Government or to such officer as may be authorised (by it in this behalf full information regarding such scheme along with its winding up plan prepared in accordance with the provisions of the rules made for the purpose in such form and within such period as may be prescribed:

Provided further that if the State Government is satisfied on an application made by the promoter of the scheme in writing that the scheme cannot be practically wound up within the period fixed for the purpose it may permit to continue to conduct the business relating to the said scheme for such further period as may be considered necessary looking to the circumstances and the interest of the members of the said scheme.].

2[(1-A) The State Government may approve the winding up plan with or without modification or reject the same and may grant or refuse to grant permission to continue to conduct the scheme, as the case may be--

Provided that no such winding up plan shall be modified or rejected without giving an opportunity to the promoter of the scheme of being heard.]

1[(2) If any person fails to furnish full information of the said scheme along with its winding up plan in the form and within the time prescribed shall forfeit his right to continue to conduct the business relating to the said scheme on the expiry of the period fixed for the purpose.]

1 Substituted by M.P. Act No. 10 of 1976, w.e.f. 22-11-1975.

2 Inserted by M.P. Act No. 10 of 1976, w.e.f. 22-11-1975.

13. Power To Make Rules :-

(1) The State Government may make rules for the purpose of carrying into effect the provision of this Act.

(2) The rules made under this section shall be laid on the Table of the Legislature Assembly.