

MAHARASHTRA CHIT FUNDS ACT, 1974

55 of 1974

[22nd November, 1974]

CONTENTS

CHAPTER 1 :- Preliminary

1. Short title, extent and commencement
2. Definitions

CHAPTER 2 :- Registration

3. Prohibition of chits unless sanctioned and registered and restrictions thereon
4. Registration
5. Prohibition of invitation for subscription to unregistered chit
6. Form of chit agreement
7. Filing of chit agreement
8. Commencement of chit business
9. Copies of bye laws and chit agreement to be given to subscribers
10. Alteration of chit agreement
11. Minutes of proceedings
12. Copy of minutes to be filed with Registrar

CHAPTER 3 :- Foreman

13. Security to be given by Foreman
14. Rights of Foreman
15. Duties of Foreman
16. Registers and books of accounts
17. Balance sheet
18. Liability of Foreman to subscribers
19. Withdrawal of Foreman

CHAPTER 4 :- Non Prized Subscribers

20. Non prized subscriber to pay subscription and get receipt
21. Removal of defaulting subscribers
22. Substitution of subscribers
23. Amount due to defaulting subscriber how dealt with

CHAPTER 5 :- Prized Subscriber

24. Prized subscriber to give security

- 25. Prized subscriber to pay subscription regularly
- 26. Foreman to demand future subscription by written notice

CHAPTER 6 :- Transfer

- 27. Restriction on transfer of rights of Foreman
- 28. Transfer of non prized subscribers rights to be in writing
- 29. Recognition of transfer of Foreman
- 30. Entry of transferees name in books

CHAPTER 7 :- Meeting of the General Body of Subscribers

- 31. How meetings to be held for considering certain matters

CHAPTER 8 :- Termination of Chits

- 32. Provisions for continuation of chits in certain cases
- 33. Termination of chit
- 34. Copy of assent or consent to be filed with Registrar
- 35. Refund of nonprized subscribers contribution
- 36. Subscribers dues to be first charge on chit assets

CHAPTER 9 :- Inspection of Documents

- 37. Foreman to allow subscriber to examine chit records
- 38. Preservation of chit records by Foreman
- 39. Inspection of chit books and records

CHAPTER 10 :- Winding up of Chits

- 40. When chit may be wound up
- 41. Application for winding up
- 42. Insolvency or liquidation, a bar to winding up of proceedings
- 43. Commencement and effect of winding up order
- 44. Injunction order
- 45. Powers of Court on hearing application
- 46. Chit assets to vest in Court for distribution
- 47. Suits stayed on winding up orders
- 48. Copy of winding up order to be filed with Registrar
- 49. Stay of winding up proceedings on insolvency of Foreman and transfer of insolvency proceedings
- 50. Compensation for frivolous or vexatious application
- 51. Right of appeal
- 52. Limitation

CHAPTER 11 :- Establishment of Chit Organisation, Inspection and Fees

- 53. Officers of Chit Organisation
- 54. Inspection of documents in Registrars office
- 55. Levy of fees

CHAPTER 12 :- Miscellaneous

56. Appeals
57. Power of Registrar to condone delay in certain cases
58. Penalties
59. Cognisance of offences
60. Application of fines
61. Compounding of offences
62. Power to enter and search any place and to seize documents etc.
63. Investigations, arrests, searches, etc., how to be made
64. Payment to be evidenced by documents
65. Interest at more than twelve per cent, not to be allowed
66. Power of Court to grant relief in certain cases
67. Officers and servants to be public servants
68. Protection of action taken under this Act
69. Power to delegate
70. Recovery of amounts due from Foreman
71. Act not to apply to certain chits
72. Power to exempt
73. Power to make rules
74. Removal of difficulties
75. Amendment of Bom. LX of 1958

MAHARASHTRA CHIT FUNDS ACT, 1974

55 of 1974

[22nd November, 1974]

An Act to provide for the regulation and control of Chit Funds in the State of Maharashtra. WHEREAS, it is expedient to provide for the regulation of Chit Funds in the State of Maharashtra and to provide for matters connected therewith ; It is hereby enacted in the TwentyFifth Year of the Republic of India as follows :-

CHAPTER 1

Preliminary

1. Short title, extent and commencement :-

- (1) This Act may be called the Maharashtra Chit Funds Act, 1974.
- (2) It extends to the whole of the State of Maharashtra.
- (3) It shall come into force in such areas and on such dates as the State Government may, by notification in the Official Gazette, appoint ; and different dates may be appointed for different areas and for different provisions of this Act.

2. Definitions :-

In this Act, unless the context otherwise requires ,

- (1) "approved bank" means a Bank approved by the State Government for the purposes of this Act ;
- (2) "byelaws" means byelaws relating to a chit and registered under this Act, and for the time being in force, and includes registered amendments of such byelaws ;
- (3) "chit" means a transaction, whether called chit fund, chitty, unit, bhishi or by any other name, by or under which the Foreman conducting the chit enters into an agreement with a specified number of subscribers that everyone of them shall subscribe a certain sum of money in periodical installments for a definite period, and that each subscriber in his turn, either determined by lot or by auction or by tender or in such other manner as may be provided for in the agreement, be entitled to a prize amount, whether payable in cash, kind or any article of value or in such other manner as may be provided for in such agreement ;
- (4) "chit agreement" means a document containing the articles of agreement between the Foreman and the subscribers relating to the chit and filed under section 7 ;
- (5) "chit amount" means the sum total of the subscriptions payable by all the subscribers for any installment of a chit without any deduction for discount or otherwise ;
- (6) "defaulting subscriber" means a subscriber who has defaulted in the payment of subscriptions due according to the terms of the chit agreement ;
- (7) "discount" means the sum of money which a prized subscriber has under the terms of the chit agreement to forego and which under that agreement is set apart to meet the Foreman's commission, and for distributing dividend among the subscribers and to meet such other incidental expenses for running the chit as may be specifically provided for in the chit agreement ;
- (8) "Director" means the Director of Chit Funds appointed under section 53 ;
- (9) "dividend" means the share of a subscriber in the amount available under the chit agreement for rateable distribution among the subscribers at each installment of the chit ;
- (10) "draw" means the mode of ascertaining the prize winner at any installment of a chit by lot, or by auction or by tender or in

such other manner as may be provided for in the chit agreement ;

(11) "firm" means a firm registered under the Indian Partnership Act, 1932 ;

(12) "Foreman" means the person who, under the chit agreement, is responsible for the conduct of the chit, and includes any other person discharging the functions of the Foreman in the circumstances specified in section 32 ;

(13) "nonprized subscriber" does not include a subscriber who has defaulted in the payment of subscription due according to the terms of the chit agreement ;

(14) "prescribed" means prescribed by rules made under this Act ;

(15) "prize amount" means the chit amount less the discount, and, in the case of a fraction of a ticket, means the difference between the chit amount and the discount proportionate to the fraction of the ticket ; and when the prize amount is payable otherwise than in cash, the value of the prize amount shall be the value at the time it becomes payable ;

(16) "prize subscriber" means a subscriber who has either received, or is entitled to receive, the prize amount ;

(17) "Registrar" means a Registrar of Chit Funds appointed under subsection (2) of section 53 ;

(18) "subscriber" includes a person who holds a fraction of a ticket and also a transferee of a ticket or a fraction thereof by assignment in writing or by operation of law ;

(19) "ticket" means the share of a subscriber in a chit, and the expression 'fraction of a ticket' shall be construed accordingly.

CHAPTER 2

Registration

3. Prohibition of chits unless sanctioned and registered and restrictions thereon :-

(1) No chit shall, after the commencement of this Act, be started, conducted or continued except with the previous sanction of the State Government, and unless the chit is registered in accordance with the provisions of this Act.

(2) Save with the permission of the State Government, no chit shall

extend in duration for a period exceeding five years.

(3) No Foreman shall be entitled to conduct at a time a chit the Aggregate amount of which exceeds fifty per cent of the total assets of the Foreman or ten thousand rupees, whichever is lower: Provided that the maximum limit of the chit amount specified in this subsection may be rupees one lakh if the Foreman is a banking company as defined in the Banking Regulation Act, 1949.

Explanation In determining the total chit assets of a Foreman for the purposes of this subsection, the amount of the security furnished by him under section 13 shall be excluded if such amount is the amount of subscription received in advance from the subscribers.

(4) In calculating the aggregate amount of chit conducted at a time by a Foreman, the chit conducted by all the members of the family of the Foreman shall be taken into account

Explanation For the purposes of this subsection, the expression "members of the family of a Foreman" means father, mother, husband, wife and children of the Foreman wholly dependent on him and who have no independent assets sufficient to entitle them to conduct any chit.

4. Registration :-

(1) Subject to the provisions of subsection (4) of section 58 any person desiring to start or conduct any chit under this Act shall make an application to the Registrar. The application shall be accompanied by the prescribed fee and two copies of the proposed byelaws of the chit signed by the Foreman and attested by at least two witnesses.

(2) Subject to the provisions of subsection (4) of this section, if the Registrar is satisfied that the proposed chit has complied with the provisions of this Act and the rules, and that its proposed byelaws are not contrary to the provisions of this Act or the rules, he may as soon as possible register the chit and its byelaws, and issue to the Foreman a certificate of registration. Such certificate shall be conclusive evidence that the chit together with bye laws relating thereto is duly registered.

(3) The Registrar shall retain one copy of the byelaws of the chit, and return the duplicate copy of the byelaws to the Foreman, with

an endorsement that the chit and its byelaws have been registered.

(4) The Registrar may by an order in writing for reasons to be recorded therein refuse to register the chit and its byelaws which do not comply with the provisions of this Act and the rules, or any of the following grounds, namely

(i) that the security offered by the Foreman under section 13 is insufficient ;

(ii) that the Foreman has been convicted of any offence under this Act, or

(iii) that the Foreman has defaulted in the payment of fees, filing of statements or records, required to be paid or filed under this Act or has violated any of the provisions of this Act or the rules made thereunder : Provided that, before refusing to register a chit, the Foreman shall be given an opportunity of being heard.

5. Prohibition of invitation for subscription to unregistered chit :-

No person shall issue or publish any notice, circular, prospectus, proposal or other document containing the terms and conditions of any chit or inviting the public to subscribe for tickets in any chit or containing the terms and conditions of any such chit, unless such notice, circular, prospectus, proposal or other document relates to a chit which along with its byelaws has been duly registered.

6. Form of chit agreement :-

(1) Every chit agreement shall be in duplicate and shall be signed by the subscribers or by persons authorised in that behalf in writing by the subscribers and the Foreman, and attested by at least two witnesses. The agreement shall contain the following particulars, namely

(i) the full name and the permanent residential address of every subscriber ;

(ii) the tickets held by each subscriber ;

(iii) the number of installments and the amount payable in respect of each ticket for each installment ;

(iv) the dates of commencement and termination of the chit;

(v) the mode of ascertaining the prized subscriber ;

- (vi) the amount of discount which a prized subscriber at any installment has to forego ;
- (vii) the mode and proportion in which the discount is distributable by way of dividend, Foreman's commission and incidental expenses, if any ;
- (viii) the date, time and place at which the chit is to be drawn ;
- (ix) if under the chit agreement the Foreman is entitled to the chit amount, the installment at which the Foreman is to get the chit amount ;
- (x) the manner in which a chit shall be continued, where a Foreman who is an individual dies or becomes of unsound mind or is otherwise incapacitated ;
- (xi) the approved bank in which chit moneys shall be deposited by the Foreman under the provisions of this Act ;
- (xii) the consequences to which a nonprized or prized subscriber or the Foreman will be liable, if he violates any of the provisions of the chit agreement ;
- (xiii) the conditions under which a subscriber will be treated as a defaulting subscriber ;
- (xiv) the nature and particulars of the security offered by the Foreman under section 13 ; and
- (xv) any other particulars which may be prescribed.

Explanation For the purpose of this section it is sufficient to get the signature of each subscriber on separate copies of the agreement.

(2) Provision shall also be made in the chit agreement for the mode of distribution of the dividend among both prized and nonprized subscribers.

(3) Where the prize winner is to be determined by auction and more than one person bids for the same amount, the prize winner shall be determined by lots among them.

(4) The amount of discount in a chit shall not [exceed 25 per cent] of the chit amount.

7. Filing of chit agreement :-

(1) Every chit agreement with its duplicate shall be filed with the

Registrar.

(2) The Registrar shall retain the duplicate of the chit agreement and return the chit agreement to the Foreman with an endorsement that the chit agreement is filed.

8. Commencement of chit business :-

(1) No person shall commence any auction or drawing of any chit, unless he has obtained a certificate of commencement from the Registrar

(2) The Registrar shall, on being satisfied that the bylaws of a chit have been registered and the chit agreement has been filed and the security required under section 13 has been furnished by the Foreman, grant a certificate of commencement.

9. Copies of bye laws and chit agreement to be given to subscribers :-

(1) The Foreman shall, as soon as may be after he has obtained the certificate of commencement referred to in section 8 but not later than the date of the first draw of the chit, furnish to every subscriber a copy of the bylaws and of the chit agreement certified by him to be a true copy thereof.

(2) The Foreman shall, on or before the fifteenth day of the month succeeding the month in which the first installment of the chit is drawn file with the Registrar a certificate to the effect that he has complied with the provisions of subsection (1)

10. Alteration of chit agreement :-

(1) Subject to the provisions of this Act and of the chit agreement, the subscribers to a chit may, by passing a special resolution at a meeting convened under section 31

(a) alter, or add to, the provisions of the chit agreement in respect of all or any of the following matters, namely

(i) the time at which or the place where the chit is to be conducted ;

(ii) the reduction of the chit amount;

(iii) the continuance of the chit in accordance with the provisions of section 32 ;

(iv) the suspension or prolongation of the chit ; or

(v) the termination of the chit ;

(b) omit the name of any approved bank specified in the chit agreement or add the name of any approved bank in the chit agreement

(2) Any alteration, addition, or omission made under subsection (1) shall be as valid as if it were originally contained in the chit agreement, and shall be subject, in like manner, to alteration, addition or omission by a special resolution as provided in section 31.

(3) A true copy of every special resolution passed under subsection (1) or subsection (2) shall be filed by the Foreman with the Registrar within fifteen days from the date of such resolution.

(4) The Foreman shall

(a) supply to every subscriber by registered post or otherwise, a copy of every special resolution passed under subsection (1) or subsection (2) within seven days from the date of passing of such resolution ; and

(b) file with the Registrar along with a copy of such resolution the acknowledgement of receipt of the copy of the resolution given by or on behalf of the subscribers.

11. Minutes of proceedings :-

(1) Minutes of the proceedings of every draw shall be prepared and entered in a book to be kept for that purpose, and shall be signed by the Foreman and all the subscribers present. It shall also be signed by the prized subscriber or his authorised agent.

(2) Such minutes shall state clearly,

(i) the date and hour when the proceedings began and ended, and the place where the draw was held ;

(ii) the number of the particular installment of the chit of which proceedings are recorded ;

(iii) the names of the subscribers present ;

(iv) the person or persons who became entitled to the prize amount in the particular installment ;

(v) the amount of discount ;

(vi) full particulars regarding the disposal of the prize amount in respect of the preceding installment and disposal of unpaid prize amount, if any, in respect of any previous installment; and

(vii) any other particulars which may be prescribed.

12. Copy of minutes to be filed with Registrar :-

A true copy of the minutes of the proceedings of every draw certified as such by the Foreman shall be filed by him with the Registrar within fourteen days from the date of installment to which it relates or before the date of the next succeeding installment, whichever is earlier.

CHAPTER 3

Foreman

13. Security to be given by Foreman :-

(1) For the proper conduct of a chit, every Foreman shall, before applying for the certificate of commencement under section 8 ,

(a) deposit in any approved bank, an amount equal to the chit amount ;or

(b) invest in State Government securities of the facevalue or market value, whichever is less, an amount equal to the chit amount, and transfer the amount so deposited or the State Government securities in favour of the Registrar to be held in trust by him as security.

(2) Where a Foreman conducts more than one chit, he shall furnish security in accordance with the provisions of subsection (1) in respect of each such chit.

(3) Subject to the provisions of section 520 of the Companies Act, 1956, the security given by the Foreman under subsection (1) shall not be liable to be attached in execution of a decree or otherwise

(i) until the chit is terminated and the claims of all the subscribers are fully satisfied ;

(ii) until all dues payable by the Foreman under this Act to the Registrar or any other officer duly authorised in this behalf have been paid ;

(iii) where owing to the default of a prized subscriber, the prize

amount due remains unpaid even after the termination of a chit, until the Foreman deposits the prize amount in an approved bank mentioned in the chit agreement and intimates in writing the fact of such deposit to the prized subscriber.

(4) The Registrar shall after the termination of a chit and after satisfying himself that the requirements under clauses (i), (ii) and (iii) of sub section (3) have been complied with, order the release of the cash security or the State Government securities referred to in subsection (1) in such manner as may be prescribed.

(5) The Registrar may, on the application of any Foreman, instead of releasing the security under subsection (4), accept the same as security in respect of any other chit or chits conducted by the same Foreman. If the value or amount of the security so accepted is less than the value or amount specified in subsection (1), the Registrar shall require the Foreman to furnish additional security to make up the deficiency.

(6) Notwithstanding anything to the contrary contained in any other law, the security furnished under this section shall not be dealt with by the Foreman during the currency of the chit to which it relates and any dealing by the Foreman with respect thereto by way of transfer or, charge, or other encumbrance shall be null and void.

14. Rights of Foreman :-

(1) The Foreman shall be entitled

(a) in the absence of any provision in the chit agreement to the contrary, to obtain the chit amount of the first installment specified in the chit agreement :

Provided that a Foreman shall not be eligible to obtain more than one chit amount in a chit ;

(b) to such commission or remuneration not exceeding five per centum of the chit amount as may be fixed in the chit agreement ;

(c) to receive and realise all subscriptions from the subscribers and to distribute the prize amounts to prized subscribers and the dividend among the subscribers ;

(d) to demand sufficient security for any prized subscriber for the due payment of future subscriptions ;

Explanation A security shall be deemed to be sufficient for the purposes of this clause, if its value exceeds by onethird, or if it consists of buildings, the value of which exceeds by one half, the amount due from the prized subscriber ;

(e) to substitute subscribers in place of defaulting subscribers ; and

(f) to do all other acts as may be necessary for the due and proper conduct of the Chit.

(2) In case of any dispute in regard to the value of the property offered as security under clause (d) of subsection (1), the matter shall be referred to the Registrar, whose decision thereon shall be final.

15. Duties of Foreman :-

(1) The Foreman shall, on a prized subscriber furnishing sufficient security for the due payment of future subscriptions, be bound to pay him the prize amount : Provided that the prized subscriber shall be entitled to demand immediate payment of the prize amount after deducting all future subscriptions without any security whatsoever, and in such case, the Foreman shall pay the prize amount within seven days after the draw and before the date of the next succeeding installment, deposit in an approved bank mentioned in the chit agreement the amount of future subscriptions deducted as aforesaid and the Foreman shall not withdraw the amount so deposited except for payment of future subscriptions.

(2) If owing to the default of a prized subscriber, the prize amount due in respect of any draw remains unpaid, the Foreman shall deposit the same forthwith in an approved bank mentioned in the chit agreement and intimate in writing the fact of such deposit to the prized subscriber. The amount so deposited shall not be withdrawn for any purpose other than disbursement of prize amount to the prized subscriber.

(3) Every payment of the prize amount, the deposit of the amount of future subscriptions under subsection (1) and the deposit of the prize amount under subsection (2) shall be intimated by the Foreman to the subscribers at the next succeeding draw, and particulars of such payment or deposits shall be entered by him in the minutes of the proceedings of that draw.

(4) The Foreman shall not appropriate to himself any amount in

excess of what he is entitled to under clause (b) of subsection (1) of section 14 :

Provided that, where the Foreman is himself a prized subscriber, he shall be entitled to appropriate to himself the prize amount:

Provided further that the Foreman may appropriate to himself the interest accruing on the amount deposited under the proviso to subsection (1) of this section .

16. Registers and books of accounts :-

The Foreman shall keep such registers and books of accounts, and in such form, as may be prescribed.

17. Balance sheet :-

(1) Every Foreman shall prepare and file with the Registrar in such manner and within such time as may be prescribed, a balance sheet and such accounts as may be prescribed duly audited either by a qualified auditor under the Companies Act, 1956, or by such person as the State Government may, subject to any conditions authorise in this behalf. The Foreman shall also file with the Registrar the audit report thereon .

(2) The balance sheet referred to in subsection (1) shall,

(a) contain a summary of the assets and liabilities of the chit, and

(b) give such particulars as will disclose the nature of the assets and liabilities, and how the value of the assets has been arrived at.

(3) If the Registrar is of the opinion that the accounts of any chit are not properly maintained and that such accounts should be specially audited, it shall be lawful for him to have such accounts audited, by a Chief Auditor duly appointed for the purpose with the approval of the State Government. It shall be the duty of the Foreman of the chit concerned to produce before the Chit Auditor, all accounts, books and other records relating to the chit, to furnish him with such information as may be required by him and to afford him all such assistance and facilities as may be necessary or reasonable and may be required in regard to the audit of the accounts of the chit.

(4) The Foreman shall pay to the Registrar such fees as may be prescribed for the audit of the accounts of a chit under subsection (3) of this section.

18. Liability of Foreman to subscribers :-

(1) Every Foreman shall be liable to account to the subscribers for the amounts due to them.

(2) Where there are more than one Foreman, each one of them jointly and severally or if the Foreman is a firm, each one of the partners thereof jointly and severally and if the Foreman is a body corporate, the body corporate, as such shall be liable to the subscribers in respect of the obligation arising out of the chit.

19. Withdrawal of Foreman :-

(1) No Foreman or where there are more than one person as Foreman in a chit, none of them shall withdraw from the chit until the termination of the chit unless such withdrawal is assented to by all the non prized subscribers and unpaid prized subscribers and copy of such assent has been filed as required by section 34.

(2) The withdrawal of a Foreman from any chit shall not affect the security given by a prized subscriber under section 24.

CHAPTER 4

Non Prized Subscribers

20. Non prized subscriber to pay subscription and get receipt :-

Every nonprized subscriber shall pay his subscription at the time and place mentioned in the chit agreement and shall, on such payment, be entitled to get a receipt from the Foreman.

21. Removal of defaulting subscribers :-

(1) A nonprized subscriber who defaults in paying his subscription in accordance with the terms of the chit agreement shall be liable to have his name removed from the list of subscribers. Every such removal shall, with the date thereof, be entered in the relevant book maintained by the Foreman . A written notice of such removal shall be given by the Foreman to the defaulting subscriber within fourteen days of such removal.

(2) A true copy of the entry referred to in subsection (1) shall be filled by the Foreman with the Registrar within fourteen days from the date of such removal.

(3) Any defaulting subscriber aggrieved by the removal of his name from the list of subscribers may, within seven days of the

communication to him of the notice of removal, appeal to the Registrar.

(4) The Registrar may, after giving the parties an opportunity of being heard, pass such orders on the appeal as he thinks fit, and the decision of the Registrar shall be final.

22. Substitution of subscribers :-

(1) The Foreman may substitute in the list of subscribers any person in place of a defaulting subscriber whose name has been removed from such list under subsection (1) of section 21 : Provided that no such substitution shall be made until the expiry of the period allowed for appeal under subsection (3) of section 21 or where any such appeal has been preferred, until the same has been disposed of .

(2) Every substitution made under subsection (1) shall, with the date thereof, be entered in the relevant book maintained by the Foreman .A true copy of every such entry shall be filed by the Foreman with the Registrar within fourteen days from the date of substitution .

(3) All arrears of subscription realised from a substituted subscriber, less the amount advanced by the Foreman, if any, shall, within seven days from the date of such realisation, be deposited by the Foreman in an approved bank mentioned in the chit agreement . The Foreman shall not withdraw the amount so deposited except for payment to the defaulting subscriber.

Explanation For the purpose of subsection (3), "arrears of subscriptions" shall mean all the previous installments realised from the substituted subscriber.

23. Amount due to defaulting subscriber how dealt with :-

When a substituted subscriber draws the prize amount, the defaulting subscriber shall be entitled to recover from the Foreman his contributions subject to such deductions as may be provided for in the chit agreement. The Foreman shall, on demand made by the defaulting subscriber and on his executing an acknowledgement duly signed, be bound to pay to the defaulting subscriber the amount due to him within fifteen days from the date of such demand. If the defaulting subscriber fails to furnish the acknowledgement as aforesaid, the Foreman shall, before the date of the next succeeding installment, deposit in an approved bank

the amount due to the defaulting subscriber .The amount so deposited shall not be withdrawn by the Foreman for any purpose other than for payment to the defaulting subscriber.

CHAPTER 5

Prized Subscriber

24. Prized subscriber to give security :-

Before receiving the prize amount without deducting all future subscriptions, every prized subscriber shall furnish, and a Foreman shall take, sufficient security for the due payment of future subscriptions, and if the Foreman is the prized subscriber, he shall give security for the due payment of future subscriptions to the satisfaction of the Registrar.

25. Prized subscriber to pay subscription regularly :-

Every prized subscriber shall pay his subscription regularly at the time and place and on the date mentioned in the chit agreement, and on his failure to do so, he shall be liable to make a consolidated payment of all the future subscriptions at once

26. Foreman to demand future subscription by written notice :-

(1) The Foreman shall not be entitled to claim consolidated payment of all the future subscriptions from a defaulting prized subscriber, unless he shall have demanded the same in writing.

(2) If in a suit by a Foreman for consolidated payment of future subscriptions from a defaulting prized subscriber, the defendant pays into Court, on or before the date to which the suit is posted for hearing, the arrears of subscription till that date together with interest thereon at the rate provided for in the chit agreement or at twelve per cent per annum simple interest, whichever is lower, and the costs of the suit for payment to the plaintiff, then, notwithstanding any contract to the contrary, the Court shall pass a decree directing that the defendant shall deposit in Court for payment to the plaintiff the future subscriptions on or before the dates on which they fall due and that, in default of payment by the defendant of any future subscription on or before the due date, the plaintiff shall be at liberty to realise in execution all the future subscriptions and interest thereon less the amount, if any, already deposited by the defendant :

Provided that if any such suit is upon a promissory note, no decree

shall be passed under this subsection, unless such promissory note expressly states that the amount due under the promissory note is towards payment of subscriptions to the chit.

(3) Any person, who holds an interest in the property or any part thereof furnished by the subscriber as security shall be entitled to make payment under subsection (2) of this section.

(4) All consolidated payments of future subscriptions realized by a Foreman shall be deposited by him in an approved bank within seven days of their realisation. The amount so deposited may be withdrawn only for payment of future subscriptions. Where any property is acquired in lieu of the consolidated payment, it shall remain as security for the due payment of future subscriptions.

CHAPTER 6

Transfer

27. Restriction on transfer of rights of Foreman :-

(1) No transfer of the rights of a. Foreman to receive subscriptions from prized subscribers shall be made without the previous sanction in writing of the Registrar.

(2) Any such transfer of the rights of a Foreman to receive subscriptions from a prized subscriber, shall if it is likely to affect prejudicially the interest of any nonprized subscriber or unpaid prized subscriber, be void and be set aside by such officer as may be empowered by the State Government in this behalf.

(3) Where under subsection (2), a transfer is disputed by a subscriber, the burden of proving that the Foreman was insolvent circumstances at the time of the transfer and that the transfer is not likely to affect prejudicially the interest of any such subscriber shall lie upon the transferee.

28. Transfer of non prized subscribers rights to be in writing :-

Every transfer by a nonprized subscriber of his rights in the chit shall be in writing duly attested by at least two witnesses and shall be filed with the Foreman.

29. Recognition of transfer of Foreman :-

Every transfer under section 28 shall be recognised by the Foreman unless the transferee is not solvent or the transfer was effected with a view to defeat the provisions of any law including this Act.

30. Entry of transferees name in books :-

Every transfer made under section 27 or section 28 shall be entered by the Foreman in the books of the chit forthwith, and a true copy of such entry shall be filed by the Foreman with the Registrar within fourteen days from the date of such entry.

CHAPTER 7

Meeting of the General Body of Subscribers

31. How meetings to be held for considering certain matters :-

(1) The Foreman, may on his own initiative, convene a special meeting of the general body of subscribers of a chit for considering any proposal relating to any of the matters specified in subsection (1) or (2) of section 10.

(2) The Foreman shall convene such meeting on the requisition in writing of not less than twentyfive percent of the number of nonprized and unpaid prized subscribers, and the meeting so convened shall be held within a period of thirty days from the date of the receipt of the requisition, and if the Foreman refuses or fails to call the meeting within fourteen days from the receipt of such requisition, the meeting may be convened by not less than twentyfive per cent of the number of nonprized and unpaid prized subscribers.

(3) Notice of not less than fourteen days specifying the object, date, hour and place of the meeting shall be given to all subscribers and a copy of the proposed special resolution shall also be sent to them along with the notice.

(4) The subscribers present at the meeting shall elect a Chairman.

CHAPTER 8

Termination of Chits

32. Provisions for continuation of chits in certain cases :-

(1) Where a Foreman who is an individual dies or becomes of unsound mind, or is otherwise incapacitated, the chit may be continued in accordance with the provisions of the chit agreement.

(2) Where a Foreman is adjudicated an insolvent under the Insolvency Act, 1955, or withdraws from the chit under section 19 or fails to conduct the chit at any installment or at any other date, before the next succeeding installment as may have been agreed

upon by a special resolution passed at a meeting of nonprized and unpaid prized subscribers held in that behalf in accordance with section 31, any one or more of the nonprized or unpaid prized 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 have the right to continue the chit or to make other arrangements for the further conduct of the chit.

33. Termination of chit :-

A chit shall be deemed to have terminated

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

(b) where all the nonprized and unpaid prized subscribers consent in writing to the termination of the chit, and a copy of such consent is filed with the Registrar as required by section 34 of this Act; or

(c) where a Foreman, who is an individual, 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 the case of a Foreman which is a firm, if a partner 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.

34. Copy of assent or consent to be filed with Registrar :-

A true copy of every assent mentioned in section 19 and of every consent mentioned in section 33, with the date of such assent or consent shall be filed by the Foreman or by the surviving partner, as the case may be, with the Registrar within fourteen days from the date of such assent or consent.

35. Refund of nonprized subscribers contribution :-

Except in the cases referred to in clause (a) and (b) of section 33 of this Act

(a) every nonprized subscriber shall, unless otherwise provided for in the chit agreement, be entitled to get back his subscription at the termination of the chit without deduction for dividend, if any, received by him : Provided that, any person to whom the rights of a nonprized subscriber are transferred in accordance with the

provisions of section 28, 29 and 30 of this Act shall, in addition to his own subscriptions, be entitled to get back the subscriptions made by such nonprized subscriber, subject to the conditions specified in this clause ;

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

36. Subscribers dues to be first charge on chit assets :-

Where there are debts due from a Foreman of a chit in relation thereto and also other debts due from such Foreman, the chit debts due to the subscribers shall be a first charge on the chit assets.

CHAPTER 9

Inspection of Documents

37. Foreman to allow subscriber to examine chit records :-

Every Foreman shall, on payment of such fee not exceeding two rupees as may be specified in the chit agreement allow nonprized and unpaid prized subscribers all reasonable facilities on all days of draw of chits or on such days and within such hours as may be provided for in the chit agreement for the inspection of security bonds and documents, receipts and other records taken from the prized subscribers or furnished by the Foreman himself in his capacity as a subscriber and all chit records including books of accounts and pass books, the balance sheets and profit and loss accounts and such other records as may show the actual financial position of the chit .

38. Preservation of chit records by Foreman :-

All the records pertaining to a chit shall be preserved intact by the Foreman and kept for a period of six years from the date of the termination of the chit .

39. Inspection of chit books and records :-

(1) The Registrar or any officer authorised by the Director in this behalf may inspect the chit books and all records after giving due notice in writing to the Foreman.

(2) Every Foreman shall be bound to produce the chit books and records before the Registrar or the officer authorised under subsection (1) of this section at the time and place mentioned in the notice and shall furnish such information to him as he may

require :

Provided that such, inspection may be made at the premises of the Foreman if he pays in advance such fees as may be prescribed for the inspection :

Provided further that, if the Foreman is a banking company as defined in the Banking Regulation Act, 1949, such inspection shall be made only at the premises of the company and only on a working day, and the Foreman shall pay such fees as may be prescribed for the inspection.

CHAPTER 10

Winding up of Chits

40. When chit may be wound up :-

A chit registered in Greater Bombay may be wound up by the City Civil Court, and a chit registered elsewhere may be wound up by the District Court having jurisdiction over the place where the chit has been registered, for all or any of the following reasons, namely

- (a) if the chit has terminated under clause (c) of section 33 ,
- (b) if the Foreman fails to give the security specified in section 13 or if he commits any such act in respect thereto as is calculated to impair materially the nature of the security or the value thereof, or
- (c) if he fails to deposit the chit moneys in accordance with the provisions of this Act, or
- (d) if it is proved to the satisfaction of the Court that the Foreman is unable to pay the amounts due to the subscribers, or
- (e) if execution or other processes issued on a decree or order of any Court in favour of any subscriber in respect of amounts due to him from the chit is returned unsatisfied in whole or in part, or
- (f) if it is proved that there has been fraud or collusion on the part of the Foreman in the matter of taking securities from prized subscribers, or
- (g) if the Foreman has appropriated the prize amount in his capacity as a subscriber without furnishing sufficient security for future subscription, or
- (h) if it is just and equitable that the chit should be wound up.

Explanation For the purposes of clause (d), in determining whether

a Foreman is unable to pay the amounts due to the subscribers, the Court shall take into account his contingent and prospective liabilities in respect of the chit :

Provided that a chit conducted by a company within the meaning of the Companies Act, 1956, shall be wound up only by the Court having jurisdiction under that Act.

41. Application for winding up :-

The application to the Court for the winding up of a chit shall be by a petition presented by any nonprized subscriber or unpaid prized subscriber or by the Registrar signed and verified in the manner prescribed by the Code of Civil Procedure, 1908 and shall contain such particulars as may be prescribed :

Provided that no application for the winding up of a chit under clause (d) or clause (h) of section 40 of this Act shall lie, unless such petition is presented

(a) by those nonprized subscribers and those unpaid prized subscribers whose subscription to the chit funds in the aggregate are at least twentyfive per cent of the chit amount subscribed by all the nonprized subscribers and unpaid prized subscribers, or

(b) with the previous sanction of the State Government.

Explanation For the purposes of this proviso, a subscriber of a fraction of a ticket shall be deemed to be a subscriber only to the extent of such fraction.

42. Insolvency or liquidation, a bar to winding up of proceedings :-

Notwithstanding anything contained in sections 40 and 41 of the Act, no petition for the winding up of a chit shall be entertained by a Court if proceedings under the law relating to insolvency for the time being in force are pending against the Foreman for adjudicating him an insolvent, or when the Foreman is a company, if proceedings for winding up the company are pending against such company in a Court.

43. Commencement and effect of winding up order :-

An order for the winding up of a chit shall operate in favour of all the subscribers to whom amounts are due from chit, and it shall be deemed to have commenced from the time of the presentation of the application for the winding up.

44. Injunction order :-

The Court may, upon the application of a Foreman or of any subscriber to whom amounts are due in respect of the chit at any time after the presentation of the application for the winding up of a chit under this Act and before the making of an order for the appointment of an interim Receiver or for winding up the chit, restrain further proceedings in any suit or proceeding instituted against the Foreman for the realization of amounts due from the chit upon such terms as the Court thinks fit.

45. Powers of Court on hearing application :-

On hearing the application, the Court may dismiss it with or without costs or adjourn the hearing conditionally or unconditionally or make an interim order or any other order that it deems fit.

46. Chit assets to vest in Court for distribution :-

On the making of an order for the winding up of a chit, the entire chit assets shall vest in the Court for distribution amongst the subscribers to whom amounts are due in respect of the chit and the Court shall pass such orders in the matter (including the appointment of a Receiver) as it deems fit.

47. Suits stayed on winding up orders :-

Where a winding up order has been made by a Court, no suit or other legal proceedings shall be continued or commence against the Foreman by a subscriber for the realization of amounts due to him in respect of the chit except with the leave of the Court and on such terms as the Court may impose.

48. Copy of winding up order to be filed with Registrar :-

(1) On the making of a winding up order, it shall be the duty of the petitioner, in the winding up proceedings and of the Receiver to file with the Registrar a copy of the order, within one month from the date of the making of the order. Provided that the Registrar may, upon application in writing by such petitioner or Receiver, allow in his discretion, further time not exceeding fifteen days for the filing of any such copy.

(2) On the filing of a copy of the winding up order the Registrar shall make an entry thereof in his books relating to the chit and shall notify in the Official Gazette that such an order has been made.

49. Stay of winding up proceedings on insolvency of

Foreman and transfer of insolvency proceedings :-

Where during the pendency of the proceedings for the winding up of a chit, a Foreman is adjudicated an insolvent or where a Foreman is a company, the company has been ordered to be wound up by the Court, the winding up proceedings under this Act shall cease, and the distribution of the chit assets, shall, subject to the proviso contained in sections 36 and 44, be made by the insolvency Court or the Court winding up the company, as the case may be. Where insolvency proceedings, against the Foreman are pending in different Courts in the State, the High Court may transfer the proceedings from one Court to another as it may deem fit.

50. Compensation for frivolous or vexatious application :-

(1) When an application for winding up a chit is dismissed, and the Court is satisfied that the application is frivolous or vexatious, the Court may award against the applicant such amount, not exceeding five hundred rupees, as it deems reasonable as compensation to the Foreman for the expense or injury occasioned to him by the application and the proceedings thereon and such amount may be realised as if the award were a decree.

(2) The award of any amount under subsection (1) shall bar any suit for compensation in respect of such application.

51. Right of appeal :-

The Foreman, any subscriber, the Receiver, or any other person aggrieved by a decision or order, of the Court in proceedings for winding up a chit may, within two months from the date of such decision or order, appeal to the High Court.

52. Limitation :-

(1) Where an order refusing to wind up a chit has been made under this Act, the chit shall be deemed to have been under suspension from the date of the presentation of the application to the date of such order in respect of nonprized subscribers, and notwithstanding anything in the chit agreement, no nonprized subscriber who was not a defaulter on the date of the presentation of the application for winding up shall be deemed to be a defaulter on the date of its dismissal.

(2) Where an order refusing to wind up this chit has been made under this Act, in computing the period of limitation prescribed for any suit or other legal proceeding (other than a suit or an

application in respect of which the leave of the Court has been obtained) which might have been brought or instituted, the period from the date of the presentation of the application to the date of the order refusing to wind up the chit shall be excluded.

(3) Nothing in this Act shall affect the right of a subscriber to proceed by suit or application against the Foreman personally for the balance, if any, of the amount due to him after the declaration of the final dividend in proceedings for winding up of the chit, and in computing the period of limitation prescribed for any such suit or application, the period from the date of presentation of the application for winding up the chit to the date of the declaration of the final dividend shall be excluded.

CHAPTER 11

Establishment of Chit Organisation, Inspection and Fees

53. Officers of Chit Organisation :-

(1) For carrying out the purposes of this Act, the State Government shall by notification in the Official Gazette appoint a person to be the Director of Chits.

(2) The State Government shall also by like notification appoint such number of Registrars of Chits and Inspectors of Chit as that Government thinks necessary for the purposes of this Act.

(3) The Director shall appoint such number of Chit Auditors as he thinks necessary. The Director may also appoint such other officers and persons and give them such designations as he thinks necessary.

(4) The Director shall have jurisdiction over the whole of the State of Maharashtra and shall exercise such powers and shall perform such duties and functions as may be provided by or under this Act. All other Officers shall have jurisdiction over such local areas as the State Government may, by notification in the Official Gazette, specify and shall, under the general superintendence, direction and control of the Director, exercise such powers and perform such duties and functions as may be provided by or under this Act.

54. Inspection of documents in Registrars office :-

Any person interested in any Chit conducted by the Foreman under this Act may, on payment of such fees as may be prescribed

(a) inspect the documents kept by the Registrar in respect of such

Chit; and

(b) obtain a copy or extract of any such document to be certified by the Registrar.

55. Levy of fees :-

(1) There shall be paid to the Registrar such fees as the State Government may, from time to time, prescribe for

(a) the registration of the bylaws of a Chit under section 4 ;

(b) the grant of a certificate of commencement under section 8 ;

(c) filing with the Registrar, chit agreement and copies of documents under sections 12, 21, 22, 30 and 34 ;

(d) the audit of the accounts of the Foreman under section 17 ;

(e) the inspection of any document under section 54 or for the certificate, extract or copy of any document under that section ;

(f) such other matters as may appear to the State Government necessary to give effect to the purposes of this Act.

(2) A table of fees payable under subsection (1) shall be exhibited on a notice board in the office of the Registrar.

CHAPTER 12

Miscellaneous

56. Appeals :-

(1) Any Foreman aggrieved by the decision of the Registrar

(a) refusing to issue a certificate of registration of the chit and the bylaws of a chit under section 4 ;

(b) refusing to grant a certificate of commencement under subsection (2) of section 8 ;

(c) refusing to accept the security under section 13 or under section 24 ; or

(d) refusing to order the release of the cash security or the State Government securities under subsection (4) of section 13, may, within thirty days of the date of receipt of the communication to him of such decision appeal to the Director.

(2) Any Foreman or any other person aggrieved by an order of the

Registrar under subsection (1) of section 27 or by an order of an officer empowered by the State Government under subsection (2) of that section may, within thirty days of the date of receipt of the communication to him of such order appeal to the Director.

(3) The Director may, after giving the appellant an opportunity of being heard, pass such an order on the appeal under subsection (1) or subsection (2) as he thinks fit.

57. Power of Registrar to condone delay in certain cases :-

The Registrar may, in his discretion and upon an application in writing by any Foreman made within the period of fourteen days specified in any of the provisions of subsection (2) of section 21, subsection (2) of section 22, section 30 and section 34, allow to the Foreman further time not exceeding fifteen days to file a copy of any document under any of the said provisions.

58. Penalties :-

(1) Whoever contravenes or abets the contravention of any of the provisions of section 3, 5 or 8 shall, on conviction, be punished with imprisonment for a term which may extend to two years or with fine which may extend to two thousand rupees or with both :

Provided that, in the absence of special and adequate reasons to the contrary to be mentioned in the judgment of the Court, the imprisonment shall not be less than six months and fine shall not be less than one thousand rupees.

(2) Any Foreman

(a) who does not file the chit agreement under section 7 or a copy of any document under section 12, subsection (2) of section 21, subsection (2) of section 22, section 30 or section 34 within the period specified for such filing or within the further time allowed under section 57 for such filing ;or

(b) who contravenes any of the provisions of section 9, or subsection (1) or (2) of section 13, section 15, section 16, subsection (1) or (2) of section 17, subsection (1) of section 21, subsection (1) of section 22, section 23, section 24, section 26, section 30, section 37, section 38 and subsection (2) of section 39 ; or

(c) who fails to comply with the requirements of the chit agreement regarding the date, time and place at which the chit is to be drawn,

shall, on conviction, be punished with fine which shall not be less than twentyfive rupees and not more than two hundred rupees.

(3) Whoever in any document required by, or for the purposes of, any of the provisions of this Act, wilfully makes a statement in any material particulars knowing it to be false, shall, on conviction, be punished with imprisonment for a term which may extend to one year or with fine which shall not be less than five hundred rupees and not more than one thousand rupees or with both.

(4) A Foreman who is convicted under subsection (1) of this section or who is convicted three times under subsection (2) or (3) of this section shall be debarred from registering further chits with any Registrar for a period of three years.

59. Cognisance of offences :-

No Court inferior to that of a Metropolitan Magistrate or a Judicial Magistrate of the First Class shall try any offence punishable under this Act

60. Application of fines :-

The Court imposing any fine under this Act may direct that the whole or any part thereof be applied in or towards payment of the costs of the proceedings.

61. Compounding of offences :-

(1) Notwithstanding anything contained in the Code of Criminal Procedure, 1973, any officer empowered by the State Government in this behalf may, at any time, on receipt of such compensation as may be fixed by such officer, compound any offence punishable under the foregoing provisions of this Act.

(2) When an offence has been compounded under subsection (1), the offender, if in custody, shall be discharged ; and no further proceedings shall be taken against him in respect of the offence compounded.

62. Power to enter and search any place and to seize documents etc. :-

(1) If the Registrar or any inspector appointed under section 53 has reason to suspect that any person conducts, or is responsible for the conduct of, a chit in any place in contravention of the provisions of this Act, he may for reasons to be recorded in writing, enter and search at any time between sunrise and sunset, any place, house,

building, shed, enclosure or tent and may seize such books, registers, accounts or documents as may be necessary : Provided that if the Registrar or the Inspector removes from the place any book, register, account or document, he shall give to the person in charge of the place, a receipt describing the book, register, account or document so removed by him and retain the same only for so long as may be necessary for the purposes of examination thereof or for a prosecution :

(2) The Registrar or the Inspector shall have authority to require any person whose testimony he may require regarding any chit agreement to attend before him or to produce, or cause to be produced, any document and to examine such person on oath.

(3) The Registrar or the Inspector may apply for assistance to an officer in charge of a police station, and take police officers to accompany and assist the Registrar or the Inspector in discharging his duties under this Act.

63. Investigations, arrests, searches, etc., how to be made :-

Save as otherwise expressly provided in this Act, all investigations, arrests, detentions in custody and searches shall be made in accordance with the provisions of the Code of Criminal Procedure, 1973 : Provided that no search shall be deemed to be illegal by reason only of the fact that witnesses for the search were not inhabitants of the locality in which the place searched is situated.

64. Payment to be evidenced by documents :-

All payment in respect of a chit whether by the Foreman or by the subscriber shall be evidenced by documents in writing.

65. Interest at more than twelve per cent, not to be allowed :-

No Court shall award interest on claim arising under this Act at more than twelve per cent per annum simple interest.

66. Power of Court to grant relief in certain cases :-

Nothing in the foregoing provisions of this Act shall affect the powers vested in a Court for granting relief against any of the provisions contained in the chit agreement if the same be unconscionable or opposed to the provisions of any law for the time being in force.

67. Officers and servants to be public servants :-

All officers and servants appointed under this Act shall be deemed, when acting or purporting to act in pursuance of any of the provisions of this Act, to be public servants within the meaning of section 21 of the Indian Penal Code.

68. Protection of action taken under this Act :-

No suit, prosecution or other legal proceedings shall lie against the State Government or the Director or the Registrars or the Inspectors of Chits or the Chit Auditors or any other Officers or servants for anything which is in good faith done or intended to be done in pursuance of this Act, or any rule or order made thereunder.

69. Power to delegate :-

The State Government may, by notification in the Official Gazette, direct that any power (other than the power to make rules) exercisable by it under this Act or the rules made thereunder may be exercised also by any officer of the State Government not below such rank as may be specified in the notification, subject to such terms or conditions, if any, as may be specified therein.

70. Recovery of amounts due from Foreman :-

All amounts due from a Foreman to the Registrar or any other officer under this Act by way of any fee shall be recovered as arrears of land revenue.

71. Act not to apply to certain chits :-

The provisions of this Act shall not apply in respect of ,

(1) any chit started and conducted before the commencement of this Act, or

(2) any chit, the chit amount of which or where two or more chits are started or conducted simultaneously by the same Foreman, the aggregate chit amount of which does not exceed one hundred rupees.

72. Power to exempt :-

The State Government may, by notification in the Official Gazette, exempt any person or class of persons to whom, or any chit or class of chits to which this Act applies from all or any of its provisions, subject to such conditions as it deems fit and may cancel or modify any such notification.

73. Power to make rules :-

(1) The power to make all rules under this Act shall be exercisable by the State Government by notification in the Official Gazette subject to the condition of previous publication.

(2) Without prejudice to any power to make rules contained elsewhere in this Act, the State Government may make rules consistent with this Act generally to carry out the purposes of this Act . Such rules may provide for payment of fees for any of the purposes of this Act, for which no provision has been made in this Act.

(3) Every rule made under this Act shall be laid as soon as may be after it is made before each House of the State Legislature while it is in session for a total period of thirty days, which may be comprised in one session or two successive sessions, and if, before the expiry of the session in which it is so laid or the session immediately following, both Houses agree in making any modification in the rule or both Houses agree that the rule should not be made, and notify such decision in the Official Gazette the rule shall from the date of publication of such notification have effect only in such modified form or be of no effect, as the case may be ; so however that any such modification or annulment shall be without prejudice to the validity of anything previously done or omitted to be done under that rules.

74. Removal of difficulties :-

If any difficulty arises in giving effect to the provisions of this Act, the State Government may, within a period of one year from the commencement of this Act, by order do anything not inconsistent with such provisions which appears to it to be necessary for the purpose of removing the difficulty.

75. Amendment of Bom. LX of 1958 :-

In Schedule I to the Bombay Stamp Act, 1958, after entry 5, the following entry shall be inserted, namely , "5A. Chit agreement, that is to say, any agreement, relating to a chit as defined in clause (3) of section 2 of the Maharashtra Chit Funds (Regulation and Control) Act, 1974, if such agreement is either executed or the chit is conducted in the State of Maharashtra. Five rupees for every Rs. 1,000 or part thereof of the total amount subscribed during the period of the chit."