

**Office of the Registrar of Chits & Commissioner and Inspector
General, Registration and Stamps, Telangana, Hyderabad.**

Circular No.CF/851 /2015, dated: 05.06.2018.

Sub:-	Chit Funds Act, 1982 - Request of Telangana Federation of Chit Funds for clarifications and orders on certain issues in implementation of Chit Funds Act, 1982 - Clarifications / Instructions issued on certain statutory and procedural aspects - Regarding.
Ref:-	Representation by Telangana Federation of Chit Funds, Dt. 24-05-2018.

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Attention of all the Foremen of the Chit Fund organizations in the State is invited to the reference cited, wherein the Telangana Federation of Chit Funds has brought to the notice of the undersigned certain practical problems being faced by the Chit Fund organizations while conducting the business and requested to resolve them within the ambit of the Chit Funds Act, 1982.

The issues raised by the Telangana Federation of Chit Funds; and the statutory position and clarification governing the subject are captured in the following table.

Sl.No.	Request of the Chit Fund Federation	Statutory position
1	After getting the Awards from the District Registrars fling of Execution Petitions (EPs) for recovery are not accepted in some courts in the absence of a certificate forwarded by the Registrar of Chits to be attached along with EPs as per the Act.	This subject is governed under section 71 of the Act. The duties vested in Registrar of Chits under Section 71 are delegated to Deputy Registrar of Chits and a circular was issued to the field officers in circular bearing number CF/27858/1993, Dt. 24-12-2008. The same is enclosed herewith. Therefore, the certificate issued by Deputy Registrar of Chits under section 71 is the valid certificate.
2	Not issuing the attachments Before Judgement to the guarantor / defaulter by some District Registrars, thereby some people are getting retired or taking voluntary retirement and closing their business and shifting out to different places and are escaping the liability before the award is passed.	This subject is governed under section 68 of the Act. The duties vested in Section 68 are delegated to Deputy Registrar of Chits and a circular was issued to the field officers in circular bearing number CF/27858/1993, Dt. 24-12-2008. Therefore, the Deputy Registrars of Chits shall follow the law in true spirit and dispose of such request so to safeguard the interests of the subscribers and chit organization.
3	Awarding rate of interest on delayed payments and	As per Rule 17 (2) of the Chit Fund Rules, 2008, every subscriber who

	advocate fees.	defaulted in payment of installments in time as per the Chit agreement shall pay the interest @ 18 % per annum on the amount payable to the foreman and the foreman shall pay the amount of dividend of each draw even to the defaulted subscriber as and when the subscriber pays the defaulted subscription. Therefore, in the Arbitration proceedings the officer concerned shall follow this rule.
4	Filing of minutes after conducting the Auctions: Different types of instructions are being given by the Assistant Registrars of Chits in this regard to their whims and fancies. In this case clear time gap must be given and uniform time may be followed by the Assistant Registrars of Chits.	The forms and periodicals prescribed under law and rules are there to ensure the discipline in each and every aspect of chit business. Therefore, any violation attracts penalties and department may have to prosecute the companies under the law if they are of serious nature instead of compounding under Section 81 of the Act. Keeping in view the above, the ARCs shall accept the minutes and other papers from the Chit organizations without prescribing a particular date when these papers are accepted. As the ARC office is a public office, it is mandatory that in all working days, the ARC office shall perform its duties.
5	Time gaps between PSOs and Commencement Certificate and actual date of 1 st Auction: Some selected days in a week also particular transactions only during specific days. This practice is being adopted by Assistant Registrar of Chits to their convenience only with vested interests. They tend to over look this for few abnormal favors. As the Act/ Rules are silent in this regard.	As per Section 9 of the Act, every foremen shall after all the tickets specified in the chit agreement are fully subscribed should file a declaration to that effect. As soon as the declaration is filed, the Registrar shall after satisfying himself that all the requirements relating to sanction, registration of chit and other matters have been duly complied with, shall grant a certificate of commencement to the foremen. Therefore, there is no time between these two events. It is the subjective satisfaction of the ARC. If all the conditions stipulated are complied with, the ARC shall proceed to issue Commencement Certificate without any delay. As the ARC office is a public office, it is mandatory that in all working days, the ARC office shall perform its duties.
6	As per the Act the Auction	As per Section 13 (3) of the Chit Fund

	turnover can be up to ten times of Net owned funds of the company. But while implementing the Act in combined AP during 2008 state government had put a cap for the Chit Fund companies by keeping different slabs year wise restricting from 5 to 10 times.	Act, the aggregate chit amount of the chits conducted by the Chit Fund Companies shall not exceed ten times of their net owned funds at any time, but keeping in view the stability and financial health of chit funds organizations, the Registrar of Chits prescribed a cap of 5 times. It is in the interest of the subscribers and also chit funds organizations. It is a reasonable condition keeping in view the cases of many chit funds closing their business and defaulting in payments to the subscribers.
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Sd/- Vakati Karuna,
Registrar of Chits & Commissioner and IG,
Registration and Stamps Department.

To
The Telangana Federation of Chit Funds.
408, 4th Floor, Swapnalok Complex, S.D Road, Secundrabad-500003.
All the Foremen in the State through ARC concerned.

Copy to
All the Deputy Registrars of Chits.
All the Assistant Registrars of Chits.

Copy submitted to the Special Chief Secretary to Government,
Revenue (Registration) Department, Telangana, Hyderabad.