

Kerala Chit Funds (Amendment) Rules, 2020

(GO(P)No. 109/2020/Taxes dated 25/8/2020)

Came into force at once.

Amendment of the Rules

1. In KCFR, 2012, Rule 66 shall be omitted.
2. Appendix III--- Schedule of Compounding amounts enhanced

Appendix III

Table No. 1.

Schedule of Compounding amount for offences punishable under section 76(1) of CFA, 1982

Sl No	Concerned Sections	Offences	Amount
1	Section 5	Invitation for subscriptions in chitties without previous sanction	5000
2	Section 8	Failure to maintain minimum capital requirements for the commencement of chits or non creation of reserve fund by a company	5000
3	Section 9(3)	Commencement of chits without obtaining Certificate of Commencement	5000
4	Section 11	Doing chit business without using the words Chit, Chit funds, Chitty or Kuri as the part of his name	5000
	Section 12	Doing other business using the words Chit, Chit funds, Chitty or Kuri as the part of his name	5000
5	Section 19	Opening new place of business without obtaining the prior approval from Registrar	5000
6	Section 22	Failure on the part of Foreman in fulfilling his duties	5000
7	Section 24	Failure on the part of Foreman in preparing and filing Balance Sheets	
		When the delay does not exceed 15 days	1500
		When the delay exceed 15 days but not 30 days	3000
		When the delay exceed 30 days	5000
8	Section 30(3)	Failure on the part of Foreman to pay the amount due to defaulting subscribers	5000
9	Section 33(4)	Failure on the part of Foreman in depositing future subscriptions in an Approved Bank or withdraw the same for purposes other than for payment of future subscriptions	5000
10	Section 46(2) & 46(3)	Failure on the part of Foreman to submit chit books and records before Registrar or person authorised by him within notice period and rectify such defects	5000
11	Section 61(5)	Failure on the part of Foreman to submit chit books and records before Chit Auditor	5000

Table No. 2**Schedule of Compounding amount for offences punishable under section 76(2) of CFA, 1982**

Sl No	Concerned Sections	Offences	Amount
1(a)	Section 10(2)	Failure on the part of Foreman being delay in filing certificate regarding distribution of true copy of registered chit agreement to all subscribers <u>within 15 days after the close of month in which the first auction of the chit is held</u>	3000
(b)	Section 18	Failure on the part of Foreman being delay in filings of true copy of minutes certified by the foreman <u>within 21 days from the date of draw</u>	
		When the delay does not exceed <u>15 days</u>	1000
		When the delay exceed <u>15 days</u> but not <u>30 days</u>	2000
		When the delay exceed <u>30 days</u>	3000
(c)	Section 28(2) & 28(3)	Failure on the part of Foreman for making necessary entries in the subscribers register regarding the removal and file true copy of the same certified by foreman <u>within 14 days from the date of removal</u>	3000
(d)	Section 29(2)	Failure on the part of Foreman for making necessary entries in the subscribers register regarding the substitution and file true copy of the same certified by foreman <u>within 14 days from the date of substitution</u>	3000
(e)	Section 37	Failure on the part of Foreman for making necessary entries in the relevant books regarding the transfer of rights of foreman under section 34 and transfer of rights of non-prized subscribers and file true copy the same certified by foreman <u>within 14 days from the date of making such entry.</u>	3000
(f)	Section 41	Failure on the part of Foreman for filing copy of assent in writing regarding withdrawal of foreman under section 26 or consent in writing regarding the termination of chit under section 40(b) <u>within 14 days from the date of such assent or consent</u>	3000
2	Section 23	Failure on the part of Foreman for Irregular maintenance of chit records (For each records)	3000
3		Failure on the part of Foreman in issuing to the subscribers	
(a)	Section 10(1)	Copy of registered chit agreement	3000
(b)	Section 38(4)	Copy of special resolution	3000
4	Section 16(1) & 38(3)	Failure on the part of Foreman to comply with the requirements of the chit agreement regarding the date, time and place at which the chit is to be drawn under section 16(1) & convene meeting of general body of subscribers as directed by the Registrar <u>within 21 days from date of receipt of such direction</u> under section 38(3)	3000

Table No. 3

Schedule of Compounding amount for offences punishable under section 76(3) of CFA, 1982

Sl No	Concerned Sections	Offences	Amount
1		Willfully making any false statement in any document required to be filed under any provisions of CFA, 1982	5000

Procedures of application for compounding of offences under CFA,1982

Application for compounding by Foreman to ARC should contain

Sl No	Concerned Rule	Particulars
1	Rule 65(3)	Application in Form I (3 copies)
2	Rule 65(5)	Undertaking in Form II on stamp paper worth Rs.100/- (1 Original and 2 self attested photocopies)
3	Rule 65(6)	For offences under section 76(2), pay compounding amount in advance along with the application submitted to Deputy Registrar of Chits of respective districts
4	Rule 65(7)	On the receipt of application, an order shall be issued by the Compounding Authority within <u>180 days from the date of receipt of application.</u>
5	Rule 65(7)	If the person who committed the offence admits his offence in the application, no hearing need be conducted
6	Rule 65(10)	For offences under section 76(1) & 76(3),the compounding amount determined by way composition be paid after issuing the compounding order. Application along with undertaking submitted to the Deputy Registrar of Chits , Head Quarters, Thiruvananthapuram.
7	Rule 65(11)	If the compounding authority decided not to compound offence, any amount paid in advance shall be refunded.
8	Rule 65(12)	No contravention shall be compounded if an appeal has been filed under section 70 and section 74 of CFA, 1982

Addresses of Compounding Authorities

Deputy Registrar of Chits
District Registrar (General) Office, Kannur
Gudert Road
Thalassery-670101

Deputy Registrar of Chits(Head Quarters)
Office of the Inspector General of Registration
Vanchiyur
Thiruvananthapuram-695035

Prepared and presented by Gopakumar G, Senior Manager, RO Attingal

FORM I
[See sub-rule (3) of rule 65]
APPLICATION FOR COMPOUNDING

Name of the Foreman :
Address :
Contact Number :
e-mail :

To the Deputy Registrar of Chits (Headquarters)/Deputy Registrar of Chits/District Registrar (General)/(through Assistant Registrar of Chits) (*strike out whichever not applicable*).

Sir,

Sub:- Offence committed under sections of the Chit Funds Act, 1982-Application for compounding-Reg.

I am submitting herewith the application for compounding offences with detail of the offences committed by me under the Chit Funds Act,1982, the offence are compoundable as per the provisions contained in rule 64,65 and 66 read with Appendix III of the Kerala Chit Fund Rules, 2012. Hence it is requested that the offence committed by me may be compounded and necessary orders in this regard may be issued allowing me to remit the compounding amount.

1. Chitty No. (If applicable) :
2. Date of commencement and termination of the chitty :
3. Capital of the Chitty :
4. Number of subscribers :
5. Amount of each subscription :
6. Details of chitty amount given to the subscribers :
7. Future subscriptions to be paid to the subscriber :
8. Offence committed/alleged and reasons thereof :
9. Nature of record filed :
 - (a) Date of origin :
 - (b) Due date of filing :
 - (c) Actual date of filing :
 - (d) Delay in days :

10. In respect of offence under section

- (a) Due date of remittance of audit fee :
(b) Date of remittance of audit :
(c) Delay in days :
(d) Date of filing of audited minutes :

11. If the compounding amount is provisionally realized and under which items of the Appendix III amount was realized :

12. The number and date of compounding amount receipt issued to the foreman. :

I/We do hereby admit my/our offences and I/we shall not commit any offences in future. The contraventions may please be pardoned.

Place:

Date:

Name and signature of the Foreman.

Report and Recommendation

Place:

Date:

Assistant Registrar of Chits.

Report and Recommendation

Place:

Date:

Deputy Registrar of chits/District Registrar (General)

FORM II

[See sub rule (5) of rule 65]
[on Rs.100/-(Rupees hundred only) Stamp Paper]

UNDERTAKING

I/WeS/o Shri residing at having
office at being the Foreman conducting chitty under the name style
at hereby solemnly affirm and state as under:

(1) I/We have committed offences/ alleged to have committed offence punishable under section 76 of the Chit Fund Act, 1982 while conducting business of the Chitty firm mentioned above.

(2) It is further declared that I/We am/are not under investigation of any agency. In case any legal proceedings arise in future in terms of conducting the chitty. I/We undertake to inform the same to the Competent Authority.

(3) I/We do hereby admit my/ our offences and I/We shall not commit any offences in future.

(4) I/We will abide by all regulations as stipulated in the Kerala Chit Fund Rules, 2012 and in case of any default of my/our compliance with any of the regulations as laid down therein, the decision of the Competent Authority shall be binding on me/us.

(5) The contraventions may please be pardoned and I/We shall remit the compounding fee as prescribed in rule 64, 65 and 66 read with Appendix III of the Kerala Chit Fund Rules, 2012.

Solemnly affirmed at on this the day of.. 20

Witnesses:

(1)

(2)