Chit Funds Act, 1982

Section 14 - Utilisation of funds.—

1) No person carrying on chit business shall utilise the moneys collectedin respect of such business (other than commission or remuneration payable to such person or interest orpenalty, if any, received from a defaulting subscriber), except for (a) carrying on chit business; or (b) giving loans and advances to non-prized subscribers on the security of subscriptions paid by them; or (c) investing in trustee securities within the meaning of section 20 of the Indian Trusts Act, 1882 (2 of 1882); or (d) making deposits with approved banks mentioned in the chit agreement. (2) Where any person carrying on chit business has utilised the moneys collected in respect of suchbusiness before the commencement of this Act, otherwise than for the purposes specified insub-section (1), he shall secure that so much of such moneys as have not been realised before suchcommencement are realised before the expiry of a period of three years from such commencement: Provided that the State Government may, if it considers it necessary in the public interest or foravoiding any hardship, extend the said period of three years by such further period or periods notSection 15 - exceeding one year in the aggregate