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Chit Funds Act, 1982

Section 40 - Termination of chits.—A chit shall be deemed to have terminated,—

(a) when the period specified therefor in the chit agreement has expired provided the payment of dues to all the subscribers has been completed; or (b) when all the non-prized and unpaid prized subscribers and the foreman consent in writing to the termination of the chit and a copy of such consent is filed with the Registrar as required under section 41; or (c) where a foreman 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 a case where the foreman is a firm, if a partner thereof 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