Chit Funds Act, 1982

Section 13 - Aggregate amount of chits.—

1) No foreman, other than a firm or other association ofindividuals or a company or co-operative society, shall commence or conduct chits, the aggregate 1[grosschit amount] of which at any time exceeds 2[rupees three lakh]. (2) Where the foreman is a firm or other association of individuals, the aggregate 1[gross chit amout]of the chits conducted by the firm or other association shall not at any time exceed, (a) where the number of partners of the firm or the individuals constituting the association is not less than four, a sum of rupees 3[rupees eighteen lakhs]; (b) in any other case, a sum calculated on the basis of 2[rupees three lakh] with respect to each such partner or individual. (3) Where the foreman is a company or co-operative society, the aggregate 1[gross chit amount] of thechits conducted by it shall not at any time exceed ten times the net owned funds of the company or theco-operative society, as the case may be. Explanation.For the purposes of this sub-section, net owned funds shall mean the aggregate ofthe paid-up capital and free reserves as disclosed in the last audited balance sheet of the company or co-operative society, as reduced by the amount of accumulated balance of loss, deferred revenue,expenditure and other intangible assets, if any, as disclosed in the said balance-sheet.