



GOVERNMENT OF KERALA

Abstract

Taxes Department – Registration – Chitty – WP(C) Nos: 39931/2015 & 5370/2016 – Applications to grant exemption from Section 11,12, & 13 of the Chit Funds Act, 1982 – Disposed of - Orders issued.

TAXES (C) DEPARTMENT

G.O.(Rt)No: 768/2016/TD.

Dated, Thiruvananthapuram, 01/10/2016

- Read:-** 1) Judgement dated 02/03/2016 of the Hon'ble High Court of Kerala in WP(C) Nos: 39931/2015 & 5370/2016.
2) Letter DNBS (T) No: 822/02.16.002 /2015-16 dated 22/03/2016 of the General Manager ,Reserve Bank of India, Thiruvananthapuram.
3) Letter No:C1-27442/2015 dated 30/08/2016 of the Inspector General of Registration,Thiruvananthapuram.

ORDER

Government have received a number of applications from Charitable societies and other firms requesting to grant exemption for them from the purview of Section 11, 12 and 13 of the Chit Funds Act, 1987. As per Section 11 of the Chit Funds Act, 1982, no person shall carry on chit business unless he uses as part of his name any of the words "chit fund", "chitty", or "kuri" and no person other than a person carrying on chit business shall use as part of his name any such word. Section 12 states that except with the general or special permission of the State Government, no company carrying on chit business shall conduct any other business. As per Section 13, no foreman, other than a firm or other association of individuals or a company or co-operative society shall commence or conduct chits, the aggregate chit amount of which at any time exceeds Rupees one lakh.

The Hon'ble High Court of Kerala as per the judgment read above have directed the Government to consider the pending applications of the petitioners in this regard after issuing notice to the petitioners within a period of three months from the date of receipt of a copy of the judgment. The time limit for compliance of this order was further extended for a period of three more months, ie, up to 03-10-2016. Accordingly, the Additional Secretary, Taxes Department heard the petitioners/authorized representatives, on 29-07-2016.

Government have already consulted the Reserve Bank of India, as per Section 87 of the Chit Funds Act, 1982 , on the scope of granting a general

contd.....(2)

exemption to the Charitable societies which were registered either under the Societies Registration Act, 1860 or Travancore Cochin Literary Scientific and Charitable Societies Act, 1955 and had been conducting registered chitties prior to 04/06/2012 (the date on which the Chit Funds Act , 1982 came in to force in the State of Kerala) in accordance with the statutes/rules prevalent at that time from the purview of Section 11, 12 and 13 of the Chit Funds Act, 1982 subject to appropriate conditions. The Reserve Bank of India has requested the Government to formulate and furnish draft of the appropriate conditions to be specified in this respect, so as to scrutinize the proposal. Accordingly, Government have been formulating the appropriate conditions to be imposed in this respect, in consultation with the Inspector General of Registration who is the Registrar of Chits in the State so as to safeguard the interest of all stakeholders involved in the matter.

In the aforesaid circumstance of ongoing due procedures for considering the scope of formulation of a general rule of exemption in this respect with appropriate conditions in consultation with the Reserve Bank of India, Government find it not necessary and prudent to entertain individual applications in the matter at this juncture. This position is communicated to the petitioners in WP(C) Nos: 39931/2015 & 5370/2016 and their applications for exemption from the purview of Section 11, 12 and 13 of the Chit Funds Act, 1982 are disposed of accordingly. The direction of the Hon: High Court of Kerala in the judgement read as first paper above is thus complied with.

(By Order of the Governor)

R. RAJA GOPAL

Additional Secretary to Government

To

- The Petitioners in WP(C) Nos: 39931/2015 & 5370/2016
- ✓ The Inspector General of Registration, Thiruvananthapuram
- The General Manager, Reserve Bank of India, Thiruvananthapuram
- The Advocate General, Kerala, Ernakulam. (with covering letter)
- The Principal Accountant General (E&RSA / S&GSA), Kerala, Tvm .
- The Principal Accountant General (A&E), Kerala, Thiruvnanthapuram.
- Information and Public Relations (Web and New Media) Department
- Stock File / Office copy

Forwarded / By order,


Section Officer.

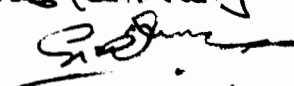
Endt Cl- 27442/15

Communicated to All DLG's and DRS for information and necessary action

To
All DLG's & DRS

Olo the I.A. of Registration
Tvm dt 27/10/2016

Yours faithfully


For Inspector General of Registration