

Andhra Pradesh State Prize Chits and Money Circulation Schemes (Banning) Rules, 1979

ANDHRA PRADESH

India

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Rule

ANDHRA-PRADESH-STATE-PRIZE-CHITS-AND-MONEY-CIRCULATION of 1979

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Andhra Pradesh State Prize Chits and Money Circulation Schemes (Banning) Rules, 1979Published vide G.O.Ms.No. 491, Home (General-B), 13th July, 1979In exercise of the powers conferred by sub-section (1) of Section 13 of the Prize Chits and Money Circulation Schemes (Banning) Act, 1978 (Central Act 43 of 1978), the Governor of Andhra Pradesh in consultation with the Reserve Bank of India hereby makes the following rules namely:-

1. Short title and commencement:

(1)These rules may be called the Andhra Pradesh State Prize Chits and Money Circulation Schemes (Banning) Rules, 1979.(2)They shall come into force on the 1st day of August, 1979.

2. Definitions:

- In these rules unless the context otherwise requires,-(a)"Act" means the Prize Chits and Money Circulation Schemes (Banning) Act, 1978 (Central Act No. 43 of 1978);(b)["Authorised Officer" means [any Joint Collector in his respective Jurisdiction authorised by State Government in this behalf under Section 12] [Substituted by G.O.Ms.No. 673 Home (Gen.-B) Pub. in A.P. Gazette R.S. to Part II (Extraordinary Dated 5.1.1981.)];(c)"Form" means a form specified in the Schedules to these rules;(d)"Office of the Reserve Bank" means the office of the Reserve Bank specified in sub-rule (1) of Rule 4;(e)"Promoter" means a person conducting a Prize Chit or Money Circulation Scheme at the commencement of the Act and desiring to continue such chit or schemes pursuant to sub-section (1) of Section 12 for winding up the business relating to such chit or scheme;(f)"Schedule" means the

Schedule to these rules;(g)"Scheme" means a Money Circulation Scheme or as the case may be, a Prize Chit as defined in clauses (c) and (e) respectively of Section 2;(h)"Section" means a section of the Act;(i)"Subscriber" means a subscriber to a Prize Chit or Money Circulation Scheme;(j)Words and expressions used in these rules but not defined shall have the meaning respectively assigned to them in the Act.

3. Application for being notified under Section 11:

(1)Any charitable or educational institution, desiring to be notified under clause (d) of Section 11 shall make an application in that behalf, in duplicate, to the authorised officer in the Form specified in First Schedule. Two copies of such application shall simultaneously, be forwarded by such institution to the office of the Reserve Bank.(2)The authorised officer shall forward one of the two copies of the application received by him to the State Government with his comments thereon.(3)On receipt of a copy of the application and the comments thereon from the authorised officer, the State Government may, in consultation with the Reserve Bank, notify such institution or refuse to notify such institution having regard to the facts and circumstances of each case.

4. Particulars of the Scheme and winding up Plans to be furnished by the Promoter:

(1)A statement of particulars of the schemes being conducted as on the date of commencement of the Act together with a detailed plan for the winding up of the business of such schemes shall as required by the first proviso to sub-section (1) of Section 12 be furnished in duplicate by the promoter to the authorised officer on or before the first day of September 1979 in Form 1 of the Second Schedule. Two copies of such statement together with such plan shall simultaneously be forwarded by the promoter to the office of the Reserve Bank Regional Office 10-3-8, Nrupathunga Road, Bangalore - 560002.(2)On receipt of the statement of particulars and winding up plan referred to in sub-rule (1) a written acknowledgement in token of receipt thereof shall be issued by the authorised officer to the promoter.(3)The authorised officer shall maintain or cause to be maintained a register of promoters furnishing the statements of particulars and the winding up plans furnished under sub-rule (1).

5. Extension of time for the winding up of the existing Schemes:

- If for any reason the promoter is unable to wind up the existing business or the schemes on or before the date specified by him in the winding up plan submitted by him under Rule 4 or such other date as may be approved by the State Government, and is desirous of continuing it for its beneficial winding up beyond the specified date or the approved date as the case may be, he shall not later than 4 months before such specified date in Rule 4 submit to the authorised officer an application in duplicate in Form 11 of the Second Schedule giving full details of such business which needs extension of time, the period for which the extension is sought and the reasons why such business cannot be finally wound up within the said specified date. Two copies of the application shall, simultaneously be forwarded by the promoter to the office of the Reserve Bank.

6. Procedure for the Disposal of the plan or Application:

(1) On receipt of the application containing the statement of particulars and the winding up plan submitted by the promoter under sub-rule (1) of Rule 4 as the case may be, of the application for the extension of time submitted under Rule 5, the State Government shall cause it to be examined by the authorised officer or such other officer as it may deem fit. (2) On receipt of the comments of such officer and after consulting the Reserve Bank on the application for the winding up of the business of the existing schemes or as the case may be, on the application for extension of time for the winding up of such business the State Government may approve or disapprove the application for the proposed winding up of such business or approve with such modifications as it deems fit and may grant extension of time for such period as may be considered desirable in public interest and subject to such terms and conditions as may be deemed necessary or expedient (including the furnishing of security by the promoter for the repayment of the amounts due to the subscribers to the schemes) refuse to grant extension of time: Provided that no order modifying or rejecting the application containing the winding up plan or modifying or rejecting the application for extension of time for the winding up of the existing schemes shall be passed without giving to the promoter an opportunity of being heard. (3) The State Government shall maintain or cause to be maintained by the authorised officer, a register specifying the particulars such as the names of the promoters, the statements of particulars and winding up plans submitted, the periods for which extension of time have been granted, or the applications for extensions of time which have been rejected.

7. Promoter to be informed:

- The authorised officer shall intimate to the promoter the particulars of the terms and conditions subject to which the winding up plan has been approved or extension of time granted or its refusal to grant further extension of time. A gist of the modifications, if any, in the winding up plan or the extension of time, if any, granted or rejected shall be notified in the Official Gazette and particulars thereof shall, simultaneously, be advised by the State Government to the office of the Reserve Bank.

8. Consequences of the approval of the Plan or grant of extension of time to close the business of the Schemes:

- During the period for which a winding up plan has been approved or the extension of time granted to wind up the business of the schemes pursuant to any order passed by the State Government under sub-rule (2) of Rule 6, is in force- (a) the subscribers may remit money to the promoter in accordance with the winding up plan; (b) the promoter may receive monies from the subscribers and may also distribute prizes by way of cash or otherwise to the subscribers in accordance with the winding up plan; and (c) the subscribers may receive monies from the promoters in accordance with the winding up plan due to them under the schemes.

9. Refund of monies or subscriptions collected by the promoters:

- Where a promoter commits default in furnishing winding up plans as required by sub-rule (1) of the Rule 4, he shall refund within a period of six months from the date of such default the monies and subscriptions collected, till the date of default. First Schedule [See Rule 3] [Form of application to be used by a charitable/educational institution for being notified under clause (d) of Section 11 of the Act] Place: Date: From..... To..... Dear Sir, We, the undersigned Sarvashri and president and Secretary respectively of at do hereby apply in terms of Rule 3 of the A.P. State Prize Chits and Money Circulation Schemes (Banning) Rules, 1979 for the said institution being notified under clause (d) of Section 11 of Prize Chits and Money Circulation Schemes (Banning) Act, 1978 to enable it to promote/conduct the scheme(s). Full particulars regarding the institution, scheme(s) etc., are given in the Statement of particulars forwarded herewith. Yours faithfully (President) (Secretary) For and on behalf of at *Here enter the name of applicant institution. Notes:- (i) Necessary changes regarding the designation etc., of the office bearers may be made whether necessary. Strike out whatever words are not applicable. (ii) This application as well as its enclosures should be forwarded to the authorised officer in duplicate. Two copies each thereof should be forwarded simultaneously to the Deputy Chief Officer, Reserve Bank of India, Department of Non-Banking Companies Regional office 10-3-8, Nrupatunga Road, Bangalore-560002. Statement of Particulars

1. Name and address of the charitable/educational institution.

2. Constitution i.e., whether incorporated as company/co-operative society or registered (or unregistered) association of individuals (Also state the provision of the Act under which incorporated/registered along with the date of incorporation).

3. Name and addresses of the branches/Offices, if any.

4. Main objects of the institution (Enclose a copy of the Memorandum and Articles of Association or as the case may be, of the Bye-laws/Rules regulating the activities of the institution).

5. Names, occupations and residential addresses of the office bearers of the institution.

6. Names of the bankers and their addresses.

7. Names of the auditors and their addresses.

- 8. Broad nature of the schemes being conducted or proposed to be conducted (Enclose printed or typewritten copies of the schemes and of the rules governing such schemes).**
- 9. Places where the schemes referred to in item 8 are being proposed to be conducted.**
- 10. How are the funds collected by the promotion/conduct of the schemes proposed to be utilised?**
- 11. Full particulars of each scheme as in the Annexure to this statement.**
- 12. Is the income of the institution exempt under any of the sub-sections of Section 10 of the Income Tax Act, 1961? If so, specify the provisions under which the income of the institution is exempt.**
- 13. Are the donations, made to the institution recognised for purpose of Section 80, G of the Income Tax Act, 1961 (If so copy of the notifications may be enclosed).**
- 14. Names and addresses of the associate institutions, if any.**
- 15. Broad nature of the activities of such associate institutions and of the schemes, if any, conducted by such institutions.**
- 16. Names, occupations and residential addresses of the office bearers of such associate institutions.**

I/We solemnly declare that the facts stated herein as also in the Annexure are true to the best of my/our knowledge information and belief. I/We certify that the particulars/information given herein, in so far as they pertain to the books and records of the Here enter the name of the applicant Institution..... have been verified from such books and found to be correct and complete in all respects. Dated this day of 1979 at Signature(s) of the President/Manager/Secretary/Authorised official of the institution. Name(s) Designation (s) Note: (i) if the space given against any of the items is inadequate for furnishing full particulars, the required information should be given in separate sheets indicating the cross references against the relative items of this statement. (ii) A copy each of the latest available audited Balance Sheet and Profit & Loss Account as also a financial statement in the same proforma as on the date of the coming into operation of the Act, duly certified by the auditors should be attached. Annexure (Amount in lakhs of rupees)

Sl. No.	Name of the Scheme	Date of commencement of the Scheme	Date of maturity of the scheme	No. of members intended to be enrolled as per the scheme	No. of members enrolled and actually subscribing.
(1)	(2)	(3)	(4)	(5)	(6)
Amount of liability by way of prizes, if any, incash or kind offered during the currency of the scheme	Amount actually disbursed by way of prizes	Outstanding liability on account of disbursement of prizes.	Are subscribers who win prizes bound to pay subscriptions till maturity of the schemes?		
(7)	(8)	(9)	(10)		
Does the scheme contemplate refund of the amounts paid by the subscribers to them on maturity of the scheme	If the reply to the query in item 11 is in the affirmative the amount of the amount of all liability under each scheme on its maturity	Remarks			
(11)	(12)	(13)			

Notes:- (i) Particulars to be given in this statement should relate to the position as on 12th day of December, 1978 i.e., date of the coming into operation of the Act in the case of the existing schemes, if any. (ii) If any item is not applicable, the letters N.A. should be entered thereunder. (iii) This statement should be authenticated by the authorised officials of the institution and countersigned by its auditors. Second Schedule Form - I [See Rule 4(1)] [Form for furnishing particulars of the scheme(s) and winding up

plan] Place: Date: From To Dear Sir, We, the undersigned, Sarvashri and President and Secretary respectively of the alias forward herewith a statement of particulars in the prescribed form, together with a winding up plan as required by the first proviso to Section 12 (1) of the A.P. State Prize Chits and Money Circulation Schemes (Banning) Act, 1978 read with Rule 4(1) of the Prize Chits and Money Circulation Schemes (Banning) Rules. Please acknowledge receipt. Yours faithfully (.....) President (.....) Secretary For and on behalf of * (Here enter the name of the applicant institution). Notes: - (i) Necessary changes regarding the designation etc., of the office bearer may be made wherever necessary - (ii) This form as well as its enclosures should be forwarded to the authorised officer in duplicate. Two copies each thereof should be forwarded simultaneously to the Deputy Chief Officer, Reserve Bank of India, Department of Non-Banking Companies Regional Office 10-3-8, Nrupatunga Road. Bangalore-560 002. Statement

of Particulars

- 1. Name and address of the company/association of individual/co-operative society partnership/sole proprietorship (Addresses of the Registered as well as the Head Office, Administrative Office, if any, should be given).**
- 2. Constitution i.e., whether incorporated as company/co-operative society of registered/ unregistered association of individuals/partnership/sole proprietorship (Also specify the (Here enter the name of the applicant institution). provision of the Act under which incorporated/registered along with the date of incorporation.)**
- 3. Names and addresses of the branches/offices if any.**
- 4. Main objects of the institution (Enclose a copy of the Memorandum and Articles of Association or as the case may be, of the Bye-laws or Rules regulating the activities of the institution).**
- 5. Names, occupations and residential addresses of the directors or as the case may be, of the promoters/ members of the committee of Management partners etc.**
- 6. Names and residential addresses of the Chief Executive Officer and two other officers immediately next to him, in the managerial set-up.**
- 7. Names of the bankers and their addresses.**
- 8. Names of the auditors and their addresses.**
- 9. Broad nature of the schemes conducted (Enclose printed or type written copies of the schemes and of the rules governing such schemes).**
- 10. Places where the schemes referred to in item 9 are being conducted.**
- 11. Full particulars of each scheme as in the Annexure to this Statement.**
- 12. Names and addresses of the associate companies/co-operative societies/associations of individuals/partnership/sole proprietorship.**

13. Names, occupations and residential addresses of the directors or as the case may be, of the promoters/members of the committee of management etc., of the institution referred to in item 12.

14. Broad nature of the types of business done by them and/or of the schemes conducted by them.

15. Detailed plan for the winding up of the existing business of the schemes.

I/We solemnly declare that the facts stated herein as also in the Annexure are true to the best of my/our knowledge, information and belief. I/We certify that the particulars/information given herein so far as they have been verified from such books and records and found to be correct and complete in all respects. Dated this day of 19* (Here enter the name of the applicant institution). Signatures of the Chairman/Managing Director/Manager/Partner(s) Authorised Official (s) Name (s) Designation (s) Notes: (i) If the space against any of the items is inadequate for furnishing full particulars, the required information should be given in separate sheets indicating the cross references against the relative items of this statement. (ii) A copy of each of the latest available audited Balance Sheet and Profit and Loss Account as also a Financial Statement in the same proforma as on the coming into operation of the Act duly certified by the auditors, should be attached. (iii) As regards item 15 above, a cash flow statement for every six monthly-period commencing from the date of this statement indicating the total amounts expected to be recovered and disbursed to the prize winners and to the subscribers of the schemes by way of advance and/or refunds (to the subscribers in the terminated schemes) should be furnished. It should be ensured that the cash flow statements are drawn upon a realistic basis having regard to the past experience and indicating the factors which have been taken into account in arriving at the estimated amounts of recoveries and disbursements. The broad criteria/rules, if any, followed in determining the quantum of the loans advanced, to be advanced to the subscribers, the periods generally stipulated for their repayment and the nature of securities obtained at the time of the loans should be indicated. Annexure (Amounts in lakhs Rupees)

Part I

Particulars of the Schemes

Sl. No.	Name of the Scheme	Date of commencement	Date of maturity
(1)	(2)	(3)	(4)
1.2.3.			
No. of members contemplated to be enrolled as per the scheme	No. of subscribers enrolled and actually subscribing	Amount of subscription collected	Amount of subscription forfeited

(5)	(6)	(7)	(8)	
Amount of subscription refunded to the subscribers	Amount by way of prize s in cash or king offered during the currency of the scheme.	Amount actually disbursed by way of prizes	Amount of outstanding liability on prizes.	
(9)	(10)	(11)	(12)	
Are the subscribers who win prizes bound pay subscription till the maturity of the scheme?	Total amount of liability under each scheme on maturity i.e., amount refundable to the subscribers.			
(13)	(14)			
1.2.3.				
Whether any amounts have be advanced to personsother other than subscribers	No.	Amount	Mode of utilisation of excess funds if any.	Remarks
(15)	(15A)	(15B)	(16)	(17)

Part II

Particulars of the advances

Sl. No.	No. of subscribers and the amount disbursed to them as loans	No. of subscribers who have not availed of loans	No. and amount of loans availed of by the directors, members of the committee of management/partners etc., and the associate companies/concerns In which they are interest.	Remarks
(1)	(2)	(3)	(4)	(5)
No.	Amount	No.	Amount	
(2A)	(2B)	(4A)	(4B)	

1.2.3.

Etc.,

Notes: (i) Particulars to be given in both parts of this statement should relate to the position as on the 12th day of December. 1978 i.e., the date of coming into operation of the Act.(ii)The related particulars should be given scheme-wise in Part-1 and the same serial order in Part II.(iii)If any item is not applicable, the letters N.A. should be entered thereunder.(iv)In regard to item 4 of Part H, further particulars about the advances to directors etc., should be given in a separate sheet in the following proforma.

Name of the directors/committee/members partners etc.	Date and amount of original advance	Amount of advance outstanding
(1)	(2)	(3)

Date	Amount	
(2A)	(2B)	
Date and amount of Loans advanced to associate companies/concerns in which such director/committee member is interested	Rate of interest charged	Remarks
(4)	(5)	(6)
Date	Amount	
(4A)	(4B)	

Form-II[See Rule 5]Form of application to be used for seeking extension of time for the winding up
the business of the existing schemesPlace :Date

:From:.....To:.....Dear Sir,Please refer to our letter dated the
..... day of 1979 forwarding a statement of particulars in the prescribed form together
with a winding up plan as required by the first proviso to Section 12(1) of the Prize Chits and Money
Circulation Schemes (Banning) Act, 1978. Due to the various reasons listed in Annexure-I and
circumstances beyond our control, we shall not be in a position to wind up the remaining schemes
within the time specified in the winding up plan submitted by us earlier. Full details of the business
in respect of which extension of time is necessary are given in Annexure II. We shall, therefore, be
glad if an extension of time for a period of months is granted for winding up of the business
of the existing schemes, as a special case. We undertake to wind up the business within the extended
period.

2. In order to ensure that the dues of the subscribers are repaid in full within the extended time, we offer the following securities:-

(a)(b)(c)(d)etc.,

3. We shall be glad to have your approval in the matter at an early date.

Yours faithfully,(.....)Designation.For and on behalf ofNote: (a) The statement
containing the details of the business in respect of which extension of time is sought should be given
in the same tabulated statement as the Annexure to Form I and should relate to the position
obtaining as on the date not earlier than one month from the date of this application. The statement
should be duly certified by the auditors as reflecting the position as available from the books and
records of the applicant institution and found to be correct and complete in all respects.(b)Under
items (a) or (b) or (c). etc. paragraph 2, the nature of the securities offered such as immovable
properties or other marketable securities their estimated value etc., duly certified by the
auditors/expert valuers should be given. The fact that the proposed lodgers of the securities have a
clear title and that the securities are not encumbered in any manner should be duly certified by the
legal advisers of the applicant institution.(c)This application as well as its enclosures should be
forwarded to the authorised officer in duplicate. Two copies each thereof should be forwarded
simultaneously to the Deputy Chief Officer, Reserve Bank of India, Department of Non Banking
Companies Regional Office 10-3-8. Nrupatunga Road, Bangalore

560002. Notification Authorisation of certain powers to Joint Collectors under the Prize Chits and Money Circulation Schemes Banning Act, 1978 and Amendment to the A.P. State Prize Chits and Money Circulation Schemes (Banning) Rules, 1979 [R.S to Part II (Extraordinary) A.P. Dated 5.1.1981.][G.O.Ms.No. 673, Home (General-B), 30th December 1980]

1. Under sub-section(1) of Section 12 of the Prize Chits and Money Circulation Schemes (Banning) Act, 1978 (Central Act 43 of 1978) and in supersession of the orders issued in Notification No.II appended to G.O.Ms.No.491, Home (General-B) Department, dated the 13th July, 1979 the Governor of Andhra Pradesh, in consultation with the Reserve Bank of India, hereby authorises the Joint Collectors in their respective jurisdiction for the purposes of first proviso to sub-section(1) of Section 12 of the said Act.

2. Amendment to Rules : Carried in appropriate rules.

Investigation of Case Against M/s. Amway India Enterprises[G.O. Ms. No. 178 Home (General-B) 15th September, 2008] [Published in A.P. Gazette Part-I, Extraordinary No. 557, Dated 24.9.2008.]In exercise of the powers conferred under section 8 of the Prize Chits and Money Circulation Schemes (Banning) Act, 1978 (Central Act No. 43 of 1978), the Government of A.P. hereby notifies that the "Amway India Enterprises" is hereby restrained from publishing any material/advertisements containing such material connected with any Prize Chit of Money Circulation Scheme, promoted or conducted in contravention of the provisions of the Act, and declare every copy of the News paper and every copy of the publication containing such material or the advertisement to be forfeited to the State Government of A.P.