The Prize Chits and Money Circulation Schemes (Banning) Kerala Rules, 1979
THE PRIZE CHITS AND MONEY CIRCULATION SCHEMES (BANNING) KERALA RULES, 1979

[Published as S.R.O. No.657/76 in K.G.Ext.No.415 dt.13/06/1979.]

1. Short title and commencement.—
   (1) These rules may be called the Prize Chits and Money Circulation Schemes (Banning) Kerala Rules, 1979.
   (2) They shall come into force on 1st July, 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 43 of 1978);
   (b) “Authorised Officer” means the Inspector General of Registration or such other officer as may be specifically authorised by the Government in this behalf by notification in the Gazette under Section 12;
   (c) “Form” means a form appended to these rules;
   (d) “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 scheme pursuant to sub-section (1), Section 12 for winding up the business relating to such chit or scheme;
   (e) “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;
   (f) “Section” means a section of the Act;
   (g) “Subscriber” means a subscriber to a prize chit or money circulation scheme;
   (h) “Office of the Reserve Bank” means the Office of the Reserve Bank specified in Rule 10.

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 Form I. 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 Government.
   (3) On receipt of the copy of the application from the authorised officer, the 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 schemes and winding up plans to be furnished by the promoter.—
   (1) A statement of particulars of the schemes being conducted at the commencement of the Act together with a detailed plan for the winding up of the business of such scheme 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 1st day of October, 1979 in Form II. Two copies of such
statement together with such plan shall, simultaneously, be forwarded by the promoter to the office of the Reserve Bank.

(2) On receipt of the statement of particulars and the winding up plan referred to in sub-rule (1), a written acknowledgment in token of receipt thereof shall be issued by the authorised officer to the promoter.

(3) The authorised officer shall maintain 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 of 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 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 four months before such specified date or such approved date, submit to the authorised officer, an application in duplicate in Form III 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 or such approved date. Two copies of the application shall, simultaneously be forwarded by the promoter to the office of the Reserve Bank;

Provided that the authorised officer may admit an application presented later than four months before the specified date or approved date, as the case may be, if he is satisfied that the promoter had sufficient cause for not presenting the application four months before such date. If for sufficient cause such application for extension of time could not be made within the 4 months period prescribed above applications made after the said period may also be accepted. Such application should be in Form No. III and the procedure prescribed in Rule 5 in respect of application in Form II should be followed in the case of this application also.

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 or as the case may be, of the application for extension of time submitted under rule 5, the 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 Government may approve or disapprove the application for the proposed winding up of such business or approve it with such modification as it deems fit and may grant extension of time for such period as may be considered desirable in the 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) or 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 made without giving to the promoter an opportunity of being heard.

(3) The 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 period for which the continuance of the scheme has been fixed in the plan or approved, the periods for which extension of time have been granted, or the applications for extension of time which have been rejected.
7. **Promoter to be informed.**—

The Government shall intimate 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 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 Scheme pursuant to any order passed by the State Government under sub-rule (2) or 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 promoter in accordance with the winding up plan due to them under the schemes.

9. **Refund of monies or subscriptions collected by the promoter.**—

Where a promoter commits default in furnishing winding up plans as required by sub-rule (1) of 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.

10. **Miscellaneous.**—

For the purposes of these rules, the office of the Reserve Bank shall mean the office of the Deputy Chief Officer, Department of Non-Banking Companies, Reserve Bank of India, Bangalore Regional Office, 10-3-8 Nrupathunga Road, Bangalore 560 002.
FORM I

[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 the …………..
* do hereby apply in terms of Rule 3 of the Prize Chits and Money Circulation Schemes (Banning) Kerala Rules, 1979 for the said institution, being notified under clause (d) of Section 11 of the Prize Chits and Money Circulation Schemes (Banning) Act, 1978 (Central Act 43 of 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)

*Here enter the name of the applicant institution.

For and on behalf of ……………………….

Notes.—
(i) Necessary changes regarding the designation etc. of the office bearers may be made wherever necessary. Strike out whatever words are not applicable.

(ii) The 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, Reserve Bank of India, Bangalore Regional Office, 10-3-8 Nrupatunga Road, Bangalore 560 002.

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. Names, addresses of the branches/offices if any.

4. Main objects of the institution (enclose an attested 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. Name 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 type-written 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.

ashokanpr@gmail.com
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 so exempt.

13. Are the donations made to the institution recognised for purpose of Section 80G of the Income-tax Act, 1961? (if so, a copy of the notification 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 institution.

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, insofar as they pertain to the books and records of the ........* have been verified from such books and records 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)

*Here enter the name of
the applicant institution.

Notes.—

(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 Accounts as also a financial statement in the same proforma as on the date of the coming into operation of the Act, duly certified by auditors should be attached.
## ANNEXURE

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Name of the Scheme</th>
<th>Date of Commencement of the scheme</th>
<th>Date of maturity of the scheme</th>
<th>No. of members intended to be enrolled as per the scheme</th>
<th>No. of members enrolled and actually subscribing</th>
<th>Amount of liability by way of prizes if any in cash or kind offered during the currency of the scheme</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1)</td>
<td>(2)</td>
<td>(3)</td>
<td>(4)</td>
<td>(5)</td>
<td>(6)</td>
<td>(7)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Amount actually disbursed by way of prizes</th>
<th>Outstanding liability on account of disbursement of prizes</th>
<th>Are subscribers who win prizes bound to pay subscriptions till maturity of the scheme?</th>
<th>Does the scheme contemplate refund of the amounts paid by the subscribers (including discontinued subscribers) to them on maturity of the scheme?</th>
<th>If the reply to the query in item 11 is in the affirmative the amount of total liability under each scheme on its maturity</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>(8)</td>
<td>(9)</td>
<td>(10)</td>
<td>(11)</td>
<td>(12)</td>
<td>(13)</td>
</tr>
</tbody>
</table>

### Note.—

(i) Particulars to be given in this statement should relate to the position as on the 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 letter N. A. should be entered thereunder.

(iii) This statement should be authenticated by authorised officials of the institution and countersigned by its auditors.
FORM II

[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 ……….* 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 Prize Chits and Money Circulation Schemes (Banning) Act, 1978 (Central Act 43 of 1978) read with Rule 4(1) of the Prize Chits and Money Circulation Schemes (Banning) Kerala Rules, 1979.

Please acknowledge receipt.

Yours faithfully,

(President)
(Secretary)

For and on behalf of

*Here enter the name of the applicant institution.

Note.—

(i) Necessary changes regarding the designation etc. of the office bearers 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, Reserve Bank of India, Bangalore Regional Office, 10-3-8, Nrupathunga Road, Bangalore 560 002.

STATEMENT OF PARTICULARS

1. Name and address of the company/association of individuals/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 or registered/unregistered association of individuals/Partnership/sole proprietorship. (Also specify the 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 an attested copy of the Memorandum and Article 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 typewritten copies of the scheme 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 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 in annexure are true to the best of my/our knowledge, information and belief.

I/We certify that the particulars/information given herein insofar as they pertain to the books and records of the ............ have been verified from such books and records and found to be correct and complete in all respect.

Dated this ........ day of ........ 1979 at ........

Signature of the Chairman/
Managing Director/Manager/
Partner(s)/Authorised Official(s)
Name(s)
Designation(s):

*Enter the name of the applicant institution

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 each of the latest available audited Balance Sheet and Profit and Loss Account as also 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.

(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 advances and/or refunds to the subscribers in the terminated schemes) should be furnished, it should be ensured that the cash flow statements are drawn up on 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 disbursal of the loans should be indicated.
ANNEXURE

(Amount in lakhs of rupees)

Part I—Particulars of the scheme:

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Name of the Scheme</th>
<th>Date of commencement</th>
<th>Date of maturity</th>
<th>No. of members contemplated to be enrolled as per the scheme</th>
<th>No. of Subscribers enrolled and actually subscribing</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1)</td>
<td>(2)</td>
<td>(3)</td>
<td>(4)</td>
<td>(5)</td>
<td>(6)</td>
</tr>
</tbody>
</table>

1.  
2.  
3.  

Etc.

<table>
<thead>
<tr>
<th>Amount of subscriptions collected</th>
<th>Amount of subscriptions forfeited</th>
<th>Amount of subscriptions refunded to the subscribers</th>
<th>Amount by way of prizes in cash or kind offered during the currency of the scheme</th>
<th>Amount actually disbursed by way of prizes</th>
<th>Amount of outstanding liability on account of prizes</th>
</tr>
</thead>
<tbody>
<tr>
<td>(7)</td>
<td>(8)</td>
<td>(9)</td>
<td>(10)</td>
<td>(11)</td>
<td>(12)</td>
</tr>
</tbody>
</table>

Are the subscribers who win prizes bound to pay subscriptions till the maturity of the scheme?  
Total amount of liability under each scheme, on maturity i.e. amount refundable to the subscribers  
Whether any amounts have been advanced to persons other than subscribers  
Mode of utilisation of excess funds, if any  
Remarks  

<table>
<thead>
<tr>
<th>(13)</th>
<th>(14)</th>
<th>(15)</th>
<th>(16)</th>
<th>(17)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No.</td>
<td>Amount (15A)</td>
<td></td>
<td>Amount (15B)</td>
</tr>
</tbody>
</table>

1.  
2.  
3.  

Etc.

Part II—Particulars of the advances:

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>No. of subscribers and the amount disbursed to them as loans</th>
<th>No. of subscribers who have not availed of loans</th>
<th>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 interested</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1)</td>
<td>No. (2A)</td>
<td>Amount (2B)</td>
<td>No. (4A)</td>
<td>Amount (4B)</td>
</tr>
</tbody>
</table>

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 the coming into operation of the Act.

(ii) The relative particulars should be given schemewise in Part I and in the same serial orders 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 II, further particulars about the advances to directors etc. should be given in a separate sheet in the following pro-forma.

<table>
<thead>
<tr>
<th>Names of the directors/committee members/Partners etc.</th>
<th>Date and amount of original</th>
<th>Amount of advance outstanding</th>
<th>Date and amount of loans advanced to associate companies/ concerns advance to which such director/committee member is interested</th>
<th>Rate of interest charged</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1)</td>
<td>(2)</td>
<td>(3)</td>
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<td>(5)</td>
<td>(6)</td>
</tr>
<tr>
<td>Date (2A)</td>
<td>Amount (2B)</td>
<td>Date (4A)</td>
<td>Amount (4B)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>