

# CFA, 1982 Definitions (Section 2)

a) **Approved Bank** means the State Bank of India constituted under section 3 of the State Bank of India Act, 1955(Act 23 of 1955) or a banking institution notified by the Central Government or such other banking institution as the State Government may in consultation with the Reserve Bank approved for the purposes of this Act.

b) **Chit** means a transaction whether called chit, chit fund, chitty, kuri or by any other name or under which a person enters into an agreement with a specified number of persons that every one of them shall subscribe a certain sum of money or a certain quantity of grain by way of periodical installments over a definite period and that each subscriber shall in turn as determined by lot or by auction or by tender or in such other manner as may be specified in the chit agreement, be entitled to the prize amount.

c) **Chit agreement** means the document containing the articles of agreement between the foreman and the subscribers relating to a chit.

d) **Chit amount** means the sum total of the subscriptions payable by all the subscribers for any installment of a chit without any deduction of discount or otherwise.

e) **Chit business** means the business of conducting a chit.

f) **Defaulting subscriber** means a subscriber who has defaulted in the payment of subscriptions due in accordance with the terms of the chit agreement.

g) **Discount** means the sum of money or the quantity of grain which a prized subscriber is, under the terms of the chit agreement, required to forego and which is set apart under the said agreement to meet the expenses of running the chit or for distribution among the subscribers or for both.

**Discount = Divident + Foreman commission**

h) **Divident** means the share of the subscriber in the amount of discount available under the chit agreement for the rateable distribution among the subscribers at each installment of the chit.

**Divident = Discount – Foreman commission**

i) **Draw** means the manner specified the chit agreement for the purpose of ascertaining the prized subscriber of any installment of the chit.

**j) Foreman** means the person who under the chit agreement is responsible for the conduct of chit and includes any person discharging the functions of the chit and includes any person discharging the functions of the foreman under section 39.

**k) Non prized subscriber** does not include a defaulting subscriber

**l) Prescribed** means prescribed by rules made under this Act.

**m) Prize amount** means the difference between the chit amount and the discount, and is payable in cash or otherwise  
**Prize amount= Chit amount- Discount**

**n) Prized subscriber** means a subscriber who has either received or is entitled to receive the prize amount.

**o) Registrar** means the Registrar of chits appointed under section 61 and includes an Additional, a Joint, Deputy or an Assistant Registrar appointed under that section.

**p) Reserve Bank** means the Reserve Bank of India constituted under the Reserve Bank of India Act, 1934 (Act 2 of 1934).

**q) State Government** in relation to a Union territory means the administrator of that Union territory appointed by the President of India under article 239 of the Constitution.

**r) Subscriber** includes a person who hold a fraction of a ticket and also a transferee of a ticket or fraction thereof by assignment in writing or by operation of law.

**s) Ticket** means the share of a subscriber in a chit.