



RULES & REGULATION FOR THE SM CHIT VENTURES GROUPS

- 1. Enrollment of members:** The members have to fill in an application form furnishing particulars of their names, residential and office addresses, approximate gross monthly salary, names of nominees and their relationship to them. They also have to sign the declaration that they have read and understood the terms & conditions of the Chit Agreement. The members who intending to become subscribers shall be enrolled on receipt of the application in prescribed format and mentioning the details of the “*Chit amount*” along with the first installment. The company/foreman reserves the right to refuse admission of any members without given prior notice and declaration whatsoever.
- 2. Registration Fee:** All members/subscribers shall pay an amount of Rs.100/- per chit as a registration fee.
- 3. Principle of chit scheme:** The principle of Chit scheme is endeavor and encourage saving custom among members in diminutive amounts to receive a lump sum during the period of chit to meet their financial need and requirement on the principle of mutual co-operation. And to borrow the future savings in advance, some chit members join chit funds scheme to borrow and others to save. Good faith and reliance with the company/foreman and its members, who conduct the auction of chit on periodically basis.
- 4. Chit passbook/statement of account:** After the enrollment of the members in chit group the company/foreman provide facilities to access their account by online and physical books to its members only. The statement of account of its members or subscriber shall be given enrollment number with chit passbook. The cost of first physicals pass book shall be free of cost; a duplicate passbook will be issued against a payment of Rs. 50/- (Rupees Fifty Only).
- 5. Commission of foreman:** The foreman is entitled to levy a commission of Rs.2.5% of the chit value every month to meet out the expenses of company for conducting chit business. The foreman is entitled to get the first month chit without any auction. Out of the total discount of a particular group, 2.5% of the chit value shall be taken as Foreman’s/company commission. The remaining discounts “if any” shall be divided among the subscribers prized as well as un-prized in that particulars group.
- 6. Due date of Penalty and Installment:** The due date 25th is declared by the foreman for payment of installment of chit value for the every month by the members of chit group. A grace period of 7 days is grant by the foreman for the payment without any penalty and interest. After the failure of payment in grace period members shall not be eligible for get dividend for the said month. Furthermore, if the members fails to pay installment of past subscription and current month subscription in the second month, then a penalty of Rs.5% levy on his liability subscription.
- 7. Transfer of Chits:** Generally chits are not allowed to sell, transfer and assign. If the members/subscribers of chit group are not able to continue chit agreement due to any grounds he/she can transfer chit to other person, if the members/subscriber who had paid the installment in timely and intend to transfer his/her chit to other person, he/she may apply for the same to the foreman/company in a prescribed format. The sole prudence of the foreman/company to entertain the said transfer application of the chit. The foreman/company will charge a transfer fee Rs.500/- only. Upon transfer of the chit transferor and transferee both should give their declaration for having read and understood the terms and conditions of the chits and same are applicable on the transferee members of the group.
- 8. Chit auction:** Chit auction for all group conducted from second month onwards and once in a month. The chit amount will be paid to the successful bidder/prized subscriber offering highest discount shall not exceed 30% of the chit value. The auction shall start with a discount of 2.5%. If more than one subscriber forego to the maximum discount, the

successful bidder will be decided by draw of lots. The subscribers who have paid their chit installments up to date without any default will be eligible to participate in chit auction.

- 9. Payment to prized subscriber:** The chit amount will be paid to prized subscriber after 7 days from furnishing necessary securities to the satisfactions of the foreman for the payment of future installment due from them in form of PDC (Post dated cheque) account payee cheque. An amount of Rs.200/- will be imposed on each members as documentation charge.
- 10. Method of payment:** The members/subscriber shall pay the installments vied cheque/DD/RTGS/NEFT/Pay order or internet banking in the account of the foreman/company. The company/foreman shall not responsible for any payment made to an un-authorized person. If the members ready to pay chit installment in cash mode then he/she responsible to take payment receipt from the counter at the time of the payment. If the members/subscribers choose the method of cheque payment then in case of dishonor of cheque members/subscriber shall be responsible to bear its bounce charges whatever levy by the concern bank of the foreman. An outstation cheque is not accepted by the fireman/company for the payment of chit amount.
- 11. In case of deceased members/subscriber:** Before termination of chit, the nominee/legal heirs/successor assignee's of the deceased subscriber/members shall be eligible to continue or discontinue the chit it is sole discretion of the deceased legal heirs/nominee/successor, if nominee (he/she) not willing to continue chit, in that circumstances subscription/paid installment by the deceased members will be removed and refund to the deceased nominee after deduction of 2.5% foreman commission of the chit value. And in case of liability of the deceased members/subscribers for his/her payment of future installment the legal heirs/nominee/successor is liable to discharge the liability of the deceased members/subscribers to the foreman/company.
- 12. Security for future payment:** The members/prized subscribers required to furnished necessary securities to the satisfaction of the foreman/company for the payment of future installment due from them. The following securities are required from the members/subscribers to furnish before company/foreman:-
 - a) Post dated cheque (PDC) along with signed for future installment.
 - b) Any bank deposit/Fixed deposit receipt equivalent/not less than the members/subscribers liability.
 - c) Insurance Policy equivalent/not less than the members/subscribers liability.
 - d) Government bond not less than the liability of prized subscriber.
 - e) Deposit with the title deed of immovable property in NCT of Delhi creating equitable mortgage in favour of the foreman not less than the prized subscriber.
 - f) Two government employee each drawing minimum twenty thousand salaries per month.If, the prize subscriber failed to furnish the required securities within 15 days of the bid/auction/draw dates. Then the foreman/company shall have the power to cancel the bid/auction/draw of such subscriber/member and second last bid offered in that auction will be confirmed as successful bidder or to re-auction the amount amongst the other eligible subscribers. If the amount is confirmed at a lesser discount, the difference in discount shall be born by the subscriber who fails to draw the amount first.
- 13. Additional security:** When the foremen call the members/prized subscriber for furnished fresh security who have drawn chit amount when foreman find that whatever surety have furnished by the members/prized subscriber is insufficient or inadequate, the subscriber shall furnished additional security within 15 days of the notice, failing which prized subscriber shall not be allowed further any dividend.
- 14. Auction and disbursement of chit value:** The foreman/company declared the prize online on bid/auction basis. The minimum bid price is 2.5% and maximum shall be 30% of the chit value. The successful bidder/prized subscribers get the prized amount electronically by the foreman/company via way of RTGS/Net banking/DD/Pay order or by cheuqe directly to the prized subscriber account which was given by the members/subscribers at the time of filling chit application form. If the members required to transfer the prized amount in other bank, then he/she want to furnished the relevant document of the KYC along with one cancelled cheque and signature verification by the

Bank before the Company/foreman within the 15 days prior to date of auction or within 3 days before the disbursement of the prized amount.

- 15. Distribution of dividend:** The foreman commission is 2.5% of the chit value and remaining auction discount will be distributed equally among all the subscribers as dividend in the subsequent month by way of reduction in monthly installment subject to the condition that defaulting subscriber will not be entitled for any dividend.
- 16. Default in payment:** The defaulting subscriber/members who make the payment in the subsequent month should pay the interest 2% per month on the defaulted installment(s) for the period of default. The members/subscribers also is not eligible for the dividend of the default period.
- 17. Removal/dismissal & refund:** The foreman/company may remove any member/subscriber who is in default from 3 months or more in regularly for chit payment. The company/foreman gives proper notice to the members/subscribers regularly for its default of payment within the 15 days the due date. The defaulting members/subscribers is entitled to refund the actual subscription paid by him after a deduction of 2.5% of the foreman/company commission of the chit value.
- 18. Interest on default payment:** If the prized subscriber failed to pay the chit installment in time, he/she should pay 2% per month interest on the full amount of the remaining chit value. Example: A prized subscriber of a chit amount of Rs.1,00,000/- defaulting an installment from 5th month, he/she will have to pay interest on balance of the chit value i.e. Rs.80,000/- amounting to Rs.1600/- per month as interest till the regularized the installment. The company shall take the legal action to recover the entire amount in case of continue to default.
- 19. Date of auction:** The date of first auction will be intimated to the respective members/subscribers on completion of the enrollment of each group. The foreman will intimate to the subscribers/members via email/phone calls and SMS on his/her mobile and email id which was given by the applicant on the time of the enrollment.
- 20. Amendment of Rule & Regulation:** The foreman/company reserve the right to amend or decide the rule and regulation for operating chit business on time to time, and same shall be binding for all existing as well as future subscribers/members.