

Title: Discussion on the Chit Funds (Amendment) Bill, 2000 (Bill passed).

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): Sir, on behalf of Shri Yashwant Sinha, I beg to move :

" That the Bill to amend the Chit Funds Act, 1982, as passed by Rajya Sabha, be taken into consideration."

The Chit Funds Act, 1982 was enacted as a Central Act for ensuring uniformity in the provisions applicable to the Chit Institutions throughout the country, providing for certain built-in operational safeguards for Chit operations and for protecting the interests of the Chit subscribers. Chit Fund is basically an arrangement to promote savings and their utilisation for mutual benefit of the members of the Chit. The State Governments, in consultation with the Reserve Bank of India, make rules under the Act, which is administered by the officials and authorities of the State Government concerned. The Act has so far been extended to 16 States and six Union Territories.

The Constitutional validity of the Act and its various provisions were challenged in various courts. The Supreme Court in its judgement dated the 13th July, 1993, upheld the Constitutional validity of the Act and *inter alia* commented that the appropriate authorities, in case the demand is so raised from time to time, increase the limits of aggregate amounts of chits under Section 13 of the Act. Keeping in view the comments and suggestions received from some of the State Governments, the All India Association of Chit Funds and the observations of the Supreme Court, the following amendments to the Chit Fund Act, 1982 are being proposed.

Sub-Section 3 of Section 6 of the Act provides for maximum amount of discount not to exceed 30 per cent of the chit amount, which the prized subscriber has to forego. It is proposed to enhance the ceiling of discount from the existing 30 per cent to 40 per cent.

Section 13 of the Act prescribes limits of aggregate chit amount for different types of foremen. Keeping in view the observation of the Supreme Court, it is proposed to increase the limit of aggregate chit amount for individual foremen from Rs.25,000/- to Rs.1,00,000/- and in the case of partnership and association of individuals from Rs. 1,00,000 to Rs.1,00,000/- per partner subject to ceiling of Rs.6,00,000/-.

Section 20 of the Act provides for every foreman to deposit an amount equal to the chit amount in the name of the registrar in an approved bank for obtaining permission and operating and conducting the chit. It is proposed that the amount which the foreman has to deposit with the Registrar can be deposited to the extent of 50 per cent in cash and balance 50 per cent in the form of a bank guarantee.

This Bill has been passed by the Rajya Sabha without any modifications. I request this august House also to kindly consider and pass this Bill.

MR. CHAIRMAN : Motion moved :

" That the Bill to amend the Chit Funds Act, 1982, as passed by Rajya Sabha, be taken into consideration."

SHRI A.C. JOS (TRICHUR): Thank you for calling me. I am in general agreement with this Bill, because you know that I come from Kerala and Kerala is a real breeding ground for chit funds and the maximum number of chit funds are being run in Kerala. There are a number of chit funds running freely and this has been illustrated in my State. And that is why, generally, I welcome the amendments suggested by the hon. Minister.

A chit fund, as such assumes more importance now because of the reduction of the interest and clamouring by the different industries for the reduction of the bank rates. The savings in the deposits in the banks will go down. So, at the village level small level savings can be encouraged through chit funds. So, my request to the Government is this relaxation is very good, especially the amendment No.2 to Section 6 and the amendments to Section 13 and Section 20. They will facilitate well and encourage chit funds to come in.

My request is that the Government should see that there shall not be any harassment of the foremen of the small chit funds by the officers. The foremen at the village level are rather running them but because of the coming into force of the Act, advent of the Act after the passing of the of the Act, the Government officers are running into problems.

The State Governments are doing it. But my suggestion to the hon. Minister is that the Central Government as well as the State Governments should encourage chit funds. The day is coming -- it is not far-off-- when the deposits in the banks will go down if the interest rates are reduced. It is the demand of the industry.

Sir, earlier, the health of our nation used to be in the hands of the small-scale industries. We had a savings rate increased from 22 to 24 per cent. My apprehension is, if the bank rates are lowered, then savings will go down. So, we have to encourage these sorts of small savings. So, I would request the hon. Minister to take more steps so that chit funds can be encouraged.

Sir, in general, I appreciate this amendment and, once again, request the hon. Minister to bring forward a more comprehensive Bill which will encourage chit funds in the future.

डॉ. मदन प्रसाद जायसवाल (बेतिया) : सभापति महोदय, चिट फंड (संशोधन) विधेयक, 2000 के इस संशोधन में सरकार जो प्रस्ताव लाई है- धारा छ: में, धारा 13 और धारा 20 में, वह स्वागत योग्य है। चिट फंड विशेषकर दक्षिण भारत में सबसे अधिक प्रचलित है और सबसे अधिक वहां हो रहा है। मेरे राज्य बिहार में चिट फंड की कोई ऐसी व्यवस्था नहीं है। यह एक तरह का कोआपरेटिव सिस्टम है। उसमें चिट फंड के द्वारा लोगों के आर्थिक वियायों के सामधान करने की जो व्यवस्था है, उसका स्वागत है। चिट फंड के अलावा भी बहुत से ऐसे नॉन बैंकिंग फाइनेंशियल इंस्टीट्यूशंस खुल गए हैं, जिन्होंने लोगों की बहुत बड़ी राशि जमा करा ली, लेकिन कोई व्यवस्था नहीं हुई जिससे उनकी सुरक्षा की जा सके। लोगों का करोड़ों रुपए का घपला हुआ, लोग करोड़ों रुपए लेकर चले गए। इस बारे में सरकार को कुछ ऐसा प्रावधान लाना चाहिए, जिसमें कि आर्थिक जुल्म करने पर कुछ केपिटल पनीशमेंट की व्यवस्था होनी चाहिए। यहां पर जो फोरमैन की व्यवस्था की गई है, जो 50 प्रतिशत की राशि बैंकों में है, वह भी सराहनीय है, लेकिन ऐसा हो कि लोग धोखाधड़ी न करें और जो भी डिपोजिटर्स हैं, जिनके साथ छोटे लोगों ने, जिन्होंने अपने आर्थिक सुधार के लिए राशि जमा की है उनकी सुरक्षा की व्यवस्था होनी चाहिए। उन्हें लोग धोखा न दें, इसके लिए आर्थिक रुप से दोगी लोगों के लिए केपिटल पनीशमेंट की भी व्यवस्था चिट फंड के प्रावधान में लानी चाहिए, जिससे कि लोग अपने को सुरक्षित महसूस करें। उनकी जो राशि जमा की गई है वह सुरक्षित रहे और उन्हें जब उसकी आवश्यकता पड़े तो वह राशि उन्हें मिल जाए।

महोदय, सरकार जिस प्रावधान को लाई है मैं उसका समर्थन करता हूं। इन्हीं शब्दों के साथ बहुत-बहुत धन्यवाद।

SHRI M.V.V.S. MURTHI (VISAKHAPATNAM): Mr. Chairman, Sir, I thank you very much for giving me an opportunity to participate in the discussion.

The Chit Funds (Amendment) Bill is a welcome sign. But today a lot of people are being cheated by these chit fund companies. The chit fund companies are springing up everyday with some new name or the other. Actually, the Government has no overseeing authority over the activities of these chit fund companies.

The chit fund companies are being registered, but without registration also the business of the chit fund companies is being carried out.

This is a very important piece of legislation. The amendments are sought to regulate the activities of the chit fund companies, but nothing much would be achieved with these amendments because they are just raising it from 30 per cent to 40 per cent. Also, the deposit is being raised from Rs.25,000 to Rs.1,00,000. Any chit fund company can fulfil these conditions. There is, of course, a very stiff condition that bank guarantee from an approved bank, equivalent to 50 per cent of the chit amount, is to be given. But all these conditions are regulatory in nature and are difficult to be imposed.

The Non-Banking Companies Act, under which the chit fund companies are coming up, should be regulated in such a way that there should be stringent action against these companies if they cheat those who are depositing their money in the chits. There should be some punitive action rather than these monetary punishments. In that way only, people could be saved. Also, the accounts of the chit fund companies should be audited at regular intervals. Unless there is an audit report submitted every half-year or every quarter, it may become a very difficult situation to carry on the chit fund business in a regulated manner.

Thirdly, the chit fund companies also have deposits in *benami* names. Suppose, there are 50 persons in a particular chit. Half of them will be holding chits in *benami* names. Serious action should be taken to find out whether all the members of a particular chit are genuine or not. So, the genuineness is to be regulated.

The other thing is that there should be a set formula for the chit fund companies to invest their surplus deposits. Just like under the Banking Act, here also there should be set principles for investing the surplus moneys or the moneys that are derived through chits. Otherwise, the moneys are being diverted and ultimately, at the time of payment to the bidder, the money is not available. When the money is not available, how will they take action against the chit fund companies, irrespective of their satisfying all the conditions that are being imposed on them? So, there should be a time stipulation that within so many days, the money is to be paid. In the case of a bank deposit, we go to the bank and get back our money, but in the case of a chit fund, if they do not pay the money, no action is taken against them. So, if the money is not paid to the bidder even after giving a certain notice of, say, 30 days or 15 days, stringent punishment should be there.

I hope, the hon. Minister will take note of all these things and will come forward with a comprehensive legislation at the appropriate time to regulate the chit funds because the innocent people are being cheated all over the country.

The intelligent people are not being cheated because they are depositing their money in banks. Only those people who want to make quick money or who cannot go to the bank, are resorting to chit funds. Financially, they are not very healthy people. So, to safeguard their interests, the Government should come out with a comprehensive Bill to regulate the chit fund companies. Then only justice will be done to the ordinary people of this country.

With these words, I support this Amendment Bill.

श्रीमती जस कौर मीणा (सवाई माधोपुर) : सभापति महोदय, मैं चिट फंड (संशोधन) विधेयक, 2000 का समर्थन करती हूँ और साथ ही वित्त मंत्री जी को धन्यवाद देती हूँ कि वे यह बिल यहाँ लाये और जनता की बचत की भावनाओं को प्रोत्साहित किया। साथ ही सामूहिक रूप से आर्थिक कठिनाइयों से जूझने के लिये जनता को समाधान दिया है।

हम सब भली प्रकार से जानते हैं कि राष्ट्रीयकृत बैंकों से साधारण जनता को लोन लेने में कितनी कठिनाइयाँ हो रही हैं। यह देखा जा रहा है कि सहकारी संस्थाओं से व्यवस्था पर्याप्त नहीं हो पा रही है। ऐसे समय में इन व्यवस्थाओं के चलते हुये चिट फंड को प्रोत्साहन देना अत्यंत आवश्यक हो गया है। हमारे देश में वर्तमान में बहुत सी संस्थायें चिटफंड की व्यवस्था कर रही हैं लेकिन इनमें से बहुत सी संस्थायें ऐसी हों जो रजिस्टर्ड नहीं हैं। ऐसी संस्थायें जनता के धन के साथ बहुत बड़ी धोखा-धड़ी कर रही हैं। इस धोखा-धड़ी से बचने के लिये और आर्थिक व्यवस्था में विश्वसनीयता लाने के लिये सहज और सुलभता लाने के लिये यह संशोधन विधेयक वरदान सिद्ध होगा।

सभापति महोदय, महामहिम राष्ट्रपति जी ने अपने 19 फरवरी के अभिभाषण में स्वयं सहायता समूहों के गठन पर बल दिया है। आज देश के गांवों में 70 प्रतिशत जनता निवास करती है जिन्हें शहरों में चलने वाली चिटफंड संस्थाओं से नहीं जोड़ा जा सकता। मैं वित्त मंत्री जी से निवेदन करूंगी कि इन स्वयं सहायता संस्थाओं के गठन के बाद नाबार्ड से मिलने वाली सहायता से इन्हें चिट फंड संस्थाओं से जोड़ने के लिये विचार करेंगे। इससे गांव में रहने वाले गरीब लोगों के काम की बात बनेगी। बचत की भावना को प्रोत्साहन देना और चिटफंड से जोड़ना अपने आप में एक महत्वपूर्ण बात है। आज बैंकों में गिरती हुई ब्याज दर और इसके साथ ही बैंको के अंदर छोटे लोगों को जगह न मिलना, यह सारी व्यवस्था इस बात की ओर इशारा करती है कि हम देश का का समग्र विकास किस तरह से कर सकते हैं। आम जनता को आर्थिक व्यवस्था का सम्पूर्ण लाभ किस तरह से देना चाहिये, यह सारी व्यवस्था यदि चिटफंड व्यवस्था द्वारा मिले, उनकी विश्वसनीयता मिले, रजिस्ट्रेशन मिले तो गांव के गरीब आदमी को पूरी सहायता मिल सकती है। शहरों में जिसे हम चिटफंड कहते हैं, उसे हम गांव में हंडिया बोलते हैं। यदि कोई भाई-बहन उसमें अपना धन लगाता है तो कई बार उसे धोखा खाना पड़ता है। वह रोता हुआ घर पहुंचता है। ऐसी स्थिति में यह चिटफंड संशोधन विधेयक लाया गया है, इसमें गांव के लोगों की भागीदारी जोड़ी जाये और उन लोगों को विश्वसनीयता दी जाये तो निस्संदेह यह देश के विकास के लिये वरदान साबित होगा।

सभापति महोदय, मैं एक बात पुनः यह कहना चाहूंगी कि गांव में बड़े भोले लोग रहते हैं, अनपढ़ हैं जिन्हें सरकार की ऊंची-ऊंची व्यवस्थाओं और वित्त मंत्रालय की व्यवस्था का ज्ञान नहीं होता। गांव की 80 प्रतिशत जनता को इस व्यवस्था से न जोड़कर 20 प्रतिशत लोगों को जोड़ा जाता है जबकि हम चाहते हैं कि गांव के लोगों के धंधों और कारोबार से उन्हें जोड़ा जाये। ऐसा स्थिति में इन स्वयं सहायता समूहों को मदद देनी चाहिये ताकि इनकी विश्वसनीयता बनी रहे और वे आर्थिक उन्नति कर सकें। मेरा सभी माननीय सदस्यों से आग्रह है कि उन्हें पुरजोर इस बिल का समर्थन करना चाहिये। मैं यह बात भी अवश्य कहना चाहूंगी कि देश में महिलाओं की आबादी 50 प्रतिशत है और इस 50 प्रतिशत में से भी ज्यादातर गांवों में रहती हैं।

जिन्हें चिट फंड का कुछ पता नहीं है, वे पांच-पांच रुपये आज भी एकत्रित करके, दस बहनों का एक गुप बनाकर अपने धन को एकत्रित करती हैं। हारी-बीमारी या आवश्यक कार्य आदि होने पर वे उसी धन में से लोन लेती हैं और उस लोन पर दो से तीन रूपया प्रतिमाह प्रतिसैकडा प्रतिशत तक ब्याज देती हैं। चूंकि उस समय उन्हें धन की आवश्यकता होती है। साहूकार भी उन्हें धन नहीं देता है। ऐसी स्थिति में छोटे-छोटे धन की बचत करके वे स्वयं सहायता समूहों से जुड़ जाती हैं। ऐसे में यदि इन स्वयं सहायता समूहों को चिट फंड के सिस्टम में ही ढाल दिया जाए तो निस्संदेह हमारे देश की अर्थव्यवस्था में बहुत बड़ा योगदान मिलेगा। मैं पुनः इस बिल का समर्थन करते हुए वित्त मंत्री जी को धन्यवाद देना चाहती हूँ और उम्मीद करती हूँ कि मेरे इन विचारों को वे इस संशोधन विधेयक में कही न कहीं अवश्य स्थान देंगे।

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SHRI E.M. SUDARSANA NATCHIAPPAN (SIVAGANGA): Respected Sir, in this Bill, actually all the repealing Acts were shown which were not at all in a position to be followed now, but at the same time, we would like to take this opportunity to tell that the modern insurance

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): The discussion is on Chit Funds Bill.

MR. CHAIRMAN : The discussion is on Chit Funds Bill.

SHRI E.M. SUDARSANA NATCHIAPPAN : Sir, my name is also there for speaking on the Chit Funds Bill.

With regard to this Chit Fund Bill, I would like to draw the attention of the hon. Minister that the chit fund has now become a cottage industry. Every village is having chit fund as one of the ways for mobilising funds and escaping from the clutches of law. Actually, this Act and amendment give much attention to the people who are having a regular commercial business and also the people who are registering themselves as firms or any other legal entity. I would like to draw to the attention of the hon. Minister that ordinary people, who are living in the villages and also the poor people who are saving their money in the chit fund, feel that they can get more interest and better return on their money by putting their money in the chit funds. These activities at the level of small villages and urban poor middle-class should also be regulated.

Especially in Tamil Nadu, everyday we can find some newspaper, media or television reporting that so many lakhs of rupees are cheated by a lady or a person who was collecting the money. People raid that house and find that nothing is there. How are we going to control this? Therefore, there should be a provision in the Act that even the

small chit funds should also register themselves and attract the provisions of this Act, that is, they should be covered under this Act so that they deposit 40 per cent of the amount collected, or whatever is the stipulated amount, in the deposit of a bank or a post office or by way of some bond. This will give more confidence to the people participating in those chits because they can recover their money if some mishap happens. At the same time, we should not curb the activity of chit funds because there are areas where villagers are accustomed to such a type of life that when they go for marriage, they get money as gift, and when they are having marriage in their family, they have to repay it which they withdraw from these chit funds. In our area, there is a custom which we call *moi*. If a person has received money on his marriage, but he does not pay on the occasion of the marriage of another person, he will be asked by that person: 'why are you not paying the money? You pay that donation. That is the contribution to my marriage.' This is the social structure there and this structure has more or less given security to the villagers.

Now, it has come in the form of a chit fund. Here, we have an obligation to the individual as well as to the family. Therefore, we have to give protection to both individuals as well as the family who are going to benefit or are availing of this money.

In Chennai, 35 firms have been blacklisted because they have cheated the people. Thousands of people are gheraoing police stations asking for a remedy. The police are simply filing a case under Section 420 IPC. They are dragging on the matter and nothing is happening. Therefore, there should be some arbitration provision so that some action is taken immediately. They should go after the assets of these firms, recover the cash and the distribution of money should be made within a specified time so that the agony of the concerned middle-class families, who saved the money through their hard labour, could be relieved. A lot of things like this are coming up every day. At the same time, we have to find out as to why this happens. It is because every man needs money, but there is no liquid money available. The banks are not giving because they are not implementing any scheme with differential rate of interest. No bank is coming forward to give money to the needy and genuine people. For example, a person wants to study B.E. or M.E. by paying fees and donation and he is ready to take the loan on a usufruct interest, but the banks are not ready to give him the money. They are pushing the persons from pillar to post. What is it that we are doing now? When we are allowing the people to take donations and fees, but at the same time, people in the villages are actually suffering because their sons and daughters who want to study in professional colleges are not getting the money from the banks. That is the main reason why so many chit fund companies are coming up. If people want money for some emergency purpose, be it for a marriage or medical relief, we are not able to provide it to them. The insurance companies are not reaching those families to help them in the form of medical insurance. Therefore, they have to go to some place to get the money immediately. To meet bulk expenses or to make bulk purchases, they need money. During the course of purchase of lands, they may need some extra money. These are all things that are not at all looked into by the banks. That is the main reason why the chit fund companies are mushrooming. They are taking away the money, and the people are suffering. This aspect should be taken into consideration. The nationalised banks and other banks, both commercial and non-commercial, should have a separate cell to help such people. I know that multiple deposit schemes are there. Why can these banks themselves not go for this type of chit funds? They can very well do that. People are ready to believe them because they are nationalised banks and, therefore, they can do that. This aspect should also be taken into consideration.

I support this Bill. Thank you very much.

श्री चन्द्र भूषण सिंह (फरुखाबाद) : सभापति महोदय, चिट फंड (संशोधन) विधेयक, 2000 के संबंध में मैं कुछ बातें कहना चाहता हूँ।

उत्तर प्रदेश और बिहार में इसे चीट फंड कहा जाता है, पता नहीं साउथ में कहा जाता है या नहीं। इस किस्म की संस्थाएँ में समझता हूँ कि मेरी निगाहों में अभी तक नहीं आई जबकि मैं दो कांस्टीट्यूटिंग को रिप्रेजेन्ट कर चुका हूँ। जब मैं छोटा था तब चिट फंड जरूर होते थे।

आज दिक्कत यह है कि जो अमेंडमेंट आपने धारा 20 में की है, उस संबंध में मेरी आपसे गुजारिश है कि यदि आप चिट फंड को चलाना चाहते हैं तो जो बैंक गारंटी आपने 50 परसेंट की है, उसे 100 परसेंट करें। अगर यह आपसे संभव नहीं है तो जो बैंक 50 परसेंट की गारंटी दे, उसके आफिसर एक चिट फंड को लुकओवर करें तब वह चिट फंड उत्तर प्रदेश की कंडीशन में चल सकता है। अन्यथा चीट फंड चलता रहेगा और इसी तरीके से लोगों को पैसा हड़प होता रहेगा। चूंकि बैंक के कानून इन चिट फंडों के ऊपर भी लागू होते हैं लेकिन अमूमन देखने में यह आया है कि बैंक के कोई कायदे कानून इनके ऊपर लागू नहीं होते हैं। और जो भी उसके मैम्बरान हैं, वे अपने हिसाब से उसके पैसे को इन्वेस्ट करते हैं, पैसे का गबन करते हैं, दुरुपयोग करते हैं। सबसे बड़ी दिक्कत यह है कि जब किसी मैम्बर को लोन की जरूरत होती है या खातेदार को पैसे की आवश्यकता होती है तो चिट फंड में रुपया ही नहीं होता। उन परिस्थितियों में क्योंकि छोटे-छोटे लोग इसमें धीरे-धीरे अपना रुपया इकट्ठा करते हैं और जब उनको वक्त पर रुपया नहीं मिलता तो एक असहाय की स्थिति उन गरीब मजदूरों के सामने हो जाती है। मैं यह बताना चाहता हूँ कि ये सारी चिट फंड की व्यवस्थायें सिर्फ शहरों तक ही सीमित हैं जबकि सरकार के द्वारा स्वयं सहायता समूह चलाये जा रहे हैं और उनमें यह देखने में आया है कि जो इस किस्म के समूह बने हैं, वे यदि महिलाओं द्वारा चलाये जा रहे हैं तो ज्यादा सुचारु रूप से और बेहतर ढंग से चल रहे हैं। एस्टीमेट कमेटी में होने के नाते मुझे बहुत सारे आर.आर.वीज़ को देखने का मौका मिलता है। मैंने पाया कि जितने महिला समूह हैं या जिनकी अध्यक्ष महिला हैं, वे सारे के सारे समूह बढ़िया काम करते हैं। मैं आपसे अपनी बात कह रहा हूँ कि चिट फंड में यदि महिलाओं को रजिस्ट्रेशन में प्रिविलेज दें तो चिट फंड निश्चित ही अच्छी तरह से काम कर सकेगा। जैसे बैंक का साल में एक बार ऑडिट होता है क्योंकि बैंक में करंट प्रैक्टिसेस कम है और बैंक में उतनी धोखाधड़ी का मामला देखने में नहीं मिलता है जबकि चिट फंड में यह आये दिन की बात है। सरकार की निगाह में ये सारी बातें हैं। मैं चाहूँगा कि ऑडिट के साथ इसको मंथली या ट्वाइस इन मंथ जैसा भी संभव हो सके, इसकी इंस्पेक्शन जरूर करनी चाहिए जो बैंक गारंटी ले रहा है, उसी के किसी अधिकारी को लगायें। यदि आप उसका इंस्पेक्शन समय समय पर कराते रहेंगे तो निश्चित ही चिट फंड जो गरीबों के लिए है या ऐसे लोगों के लिए है जिनके पास पैसा कम है, उनका भी काम चल सके।

इन्हीं शब्दों के साथ मैं इस बिल का समर्थन करता हूँ और आपको धन्यवाद देता हूँ कि चिट फंड को चलाने के लिए आपने सार्थक प्रयास किया है।

PROF. UMMAREDDY VENKATESHWARLU (TENALI): Sir, this is really a very important amendment Bill that has been brought forward by this Government at this particular time. As my friend Shri Chandrabhusan Singh has pointed out, in most of the places these 'Chit Funds' have more or less become an instrument for cheating some people and making some people richer. There has been a mushroom growth of these chit funds. This is an activity that has been going on for several years and decades in most of the villages. This is an activity that has been going on for years together without the notice of anybody.

Sir, of late, these chit funds have become a source for mobilising money and for mopping up the savings of the people and then vanishing away. In this present juncture this is a very right kind of a Bill that has been brought forward for providing security to the small depositors and individuals who are involved in this activity. In fact, Clause 20 of the Bill provides that at least 50 per cent of the total deposits should be in the banks and the rest 50 per cent should be there in the shape of a bank guarantee. But again there should be some limitations.

The other regulation is in regard to the bid amount. Bid amount is the most attractive provision as far as mobilisation of funds in chits is concerned. In some cases bids are carried up to an amount of Rs.500 and more for a chit of Rs.1,000. Though the bid amount is shared by the members in the pool, this amount should not be allowed to go too high. It should be pegged at a figure which is very near to the bank rate so that it would not be the main factor in attracting people to chit funds. If the bid amount is restricted, it would restrict the growth of malpractice in this sector.

Some hon. Members suggested that auditing of accounts of chit fund companies should be done on a regular basis. This is a very important measure and it should be implemented. *Benami* transactions should be detected and curbed. The whole amount of the chit should be guaranteed either in terms of a deposit in the bank or as a 100 per cent bank guarantee. The bank in this case should be a nationalised bank only so that people feel reassured of the safety of their deposits.

With these words, I support the Bill.

1637 hours

SHRI M.O.H. FAROOK (PONDICHERRY): Mr. Chairman, Sir, I would like to bring to the notice of the hon. Minister certain important points relating which relate to the functioning of chit fund companies.

There are problems faced by depositors even while dealing with certain sound chit funds. These chit fund companies impose certain charges like processing charge, joining charge, legal expenses and other expenses. No receipt is given to the depositors against any of these payments. If the amount of the chit is say Rs.1 lakh, about Rs.1000 to Rs.2000 is demanded by the company by way of these charges. No receipt is given to any of these payments. This is happening even in the case of very good companies, companies which have a very good financial standing in the market. I would like the Government to take serious note of this practice and curb this practice.

I have another important point to make. Suppose I am a subscriber of two chits in a company each amounting to Rs.30000 and I have already deposited Rs.28000 in each of those accounts. When I wish to withdraw my chit money on the second account giving the first one as a guarantee, the company does not agree to it. It says that the two chits cannot be clubbed as there is a court order against doing so. Finally the subscriber is put to trouble by the companies. I would request the hon. Minister to take necessary steps to simplify the procedure and avoid this trouble to the subscriber. There should be a proper guarantee for the funds collected by the companies.

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): Mr. Chairman, Sir, I must thank the Members who have participated in the debate and supported the Bill.

I do agree with some of the observations made by the Members. There are some private chit fund companies and un-registered companies. Everybody is aware that officials of the State Government are responsible for implementation of the provisions.

Shri M.O.H. Farook pointed out that the receipts are not given in regard to process costs and other expenditure. But it is a crime, there is no doubt about it. We will instruct the State Governments to advise them in this regard so that without any receipt no money should be taken.

Secondly, I do agree that the South India, especially Kerala and Tamil Nadu, has a great business in this field. There are a number of cases of complaints reported. But as you all are aware, this comes within the domain of the

concerned State Governments, and we will instruct them to take proper action.

Sir, there were two-three observations made by some hon. Members about the audit. Every year, they have to get the audit done. It is a must. They must publish the balance-sheet and come out with the Audit Report also as per Section 24. At the same time, penalties are there for violating the rules. It is not that it comes only under Section 420 of IPC. Section 26 of the Act prescribes for conviction, an imprisonment upto two years or a fine of Rs. 5,000 or even both, as the case may be.

Sir, I fully endorse the views of the entire House that this is the poor men's money which is involved here. So, one should know the character of the persons. In this regard societies' awareness is required so that nobody can cheat the poor people because poor people do not have any accessibility to the banks.

I do agree that this money can be used in the marriage or any kind of functions. This money can be gifted for the marriages of the girls or boys as the case may be.

Mr. Chairman, Sir, an hon. Member from Uttar Pradesh raised the issue of registration problem. We have taken note of it. We purposely took the guarantee because 100 per cent deposit is there. We tried to discourage it because if a man requires 100 per cent deposit then why will he go to the Chit Fund? Naturally, if there is a 50 per cent deposit and 50 per cent guarantee of the bank, definitely guarantee should not be revoked until this entire thing is materialised.

I am not fully aware that the scheduled banks are responsible for all these things. So, we cannot discriminate with the scheduled banking system. We cannot ask for the nationalised banks or the non-nationalised banks. Even some cooperative banks are also involved in it. I do agree that there are some problems in the banking system but I am happy to note. बैंकों में धोखाधड़ी कम हो रही है, फिर भी लोगों का विश्वास बढ़ रहा है।

We think that the banks are the main trust instruments or institutions for the common man also. But the problem is that we cannot guarantee everybody because accessibility is not too easy and the need based finance is not with the banking system yet. So, when the policy is likely to come for the need-based finance, naturally the system will improve further.

Sir, somebody from that corner suggested that the women are to be greatly involved here because the women organisations are performing better and they are too honest. Here, we are supporting the women's activities saying that they are performing in a big way but at the same time why are we opposing the Women's Reservation Bill here? But somehow, we are trusting the women of the country, and we will involve more and more women in this field.

Sir, there was also a suggestion made that NABARD's help could be sought. When we are supporting all these institutions through NABARD and if the registered chit fund is there, why should the NABARD not support it, may be, Centrally? We are supporting the NGOs also. So, I will examine this matter and I will talk to the concerned authorities in the NABARD and see how it could be done.

Likewise, there were so many suggestions made by the hon. Members which are very valid ones and relating to the Bill. They will all be taken care of.

Sir, the Chit Funds in Uttar Pradesh and Bihar are termed as 'Cheat Funds' as too much of cheating has gone there. But now with the directions of Supreme Court, we are trying to regulate it.

So, it is the human character. Cheating should not be there. Transparency should be there not only in this Bill but in life also transparency is required. If everybody's life becomes transparent, all these bad things and cheating will go away. This is the situation today.

Some hon. Members spoke about the non-banking financial institutions. The House is fully aware that the Non-Banking Financial Companies Act has been introduced. That is under consideration. It is a separate issue. We cannot compare the non-banking financial companies with the chit funds. The non-banking financial companies have a greater exposure but chit funds are really the poor man's funds. They should be protected very well. We will request the State Governments through this House that no unregistered funds or unscrupulous elements should be allowed to take advantage and cheat the subscribers. If hon. Members give some specific instances, we will definitely bring them to the notice of the State Governments. The Central Government is concerned about this. We will definitely see to it that its working should be very smooth.

A number of suggestions have been made by hon. Members. Some points have been made about education also. I do agree that there was some problem relating to tuition fees. But as the House is aware, our hon. Minister of Finance Shri Yashwant Sinha has assured the Rajya Sabha that tuition fee will not be a problem for the poor boys as far as education is concerned.

The Indian Banks Association's Committee has submitted its report to the RBI and the RBI has reacted on that. I think, the hon. Minister will very soon come up with a very attractive proposal and the poor people will definitely benefit from that.

I have taken note of all the suggestions made by the hon. Members. I now request that the Bill, as passed by the Rajya Sabha, may be passed.

MR. CHAIRMAN : The question is:

"That the Bill to amend the Chit Funds Act, 1982, as passed by Rajya Sabha, be taken into consideration.
"

The motion was adopted.

MR. CHAIRMAN: The House will now take up clause by clause consideration of the Bill.

The question is:

"That clause 2 stand part of the Bill. "

The motion was adopted.

Clause 2 was added to the Bill.

Clauses 3 and 4 were added to the Bill.

Clause 1

Amendment made:

Page 1, line 2,--

for "2000"

substitute "2001" (2)

(Shri Balasaheb Vikhe Patil)

MR. CHAIRMAN: The question is:

"That clause 1, as amended, stand part of the Bill. "

The motion was adopted.

Clause 1, as amended, was added to the Bill.

Enacting Formula

Amendment made :

Page 1, line 1,--

for "Fifty-first Year"

substitute "Fifty-second Year" (1)

(Shri Balasaheb Vikhe Patil)

MR. CHAIRMAN: The question is:

"That the Enacting Formula, as amended, stand part of the Bill. "

The motion was adopted.

The Enacting Formula, as amended, was added to the Bill.

The Title was added to the Bill.

MR. CHAIRMAN: The Minister may now move that the Bill be passed.

SHRIBALASAHEB VIKHE PATIL: I beg to move:

"That the Bill, as amended, be passed. "

MR. CHAIRMAN: The question is:

"That the Bill, as amended, be passed. "

The motion was adopted.
