



Chit Fund Department

At a Glance

Functions

The Chit Fund Department supervises the activities of chit fund companies in Delhi through the Madras Chit Fund Act, 1961 (extended to Delhi) and Delhi Chit Fund Rules, 1964.

Findings

- Currently there are over 2,000 registered chit funds in the city.
- The Department is headed by the Registrar, Chit Funds, and had a employee strength of 16 in 2002. The Department's total budget in the year 2003-04 was Rs 23 lac.
- Functions of the Registrar include approving bye-laws, increasing paid-up capital, and inspecting the office premises of a new company.
- A Chit Fund Panchayat comprising representatives of established companies, senior citizens and an officer of the Department has been established to expedite dispute settlements outside court.

Reforms

- No need for a supervisor specially for chit funds. The government should only be involved at the stage of *registration* of a chit fund company, like any other company. Approval of bye-laws, development of a rating system, and settlement of disputes should be left to chit fund federations.