



Crl.RC.No.9 of 2023

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IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 09.06.2025

CORAM:

THE HONOURABLE MR. JUSTICE **G.K.ILANTHIRAIYAN**

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1.Shanthi

2.K.Subramanian

... Petitioners

Versus

State rep by Inspector of Police,
Tiruppur District Crime Branch,
Police Station
(crime No.11 of 2013)

...

Respondent

PRAYER: Criminal Revision Case filed under Sections 397 and 401 of the Code of Criminal Procedure, praying to set aside the judgment of the learned Principal Sessions Judge at Tiruppur CA.No.102 of 2017 dated 03.11.2022 in confirming the conviction and sentence passed by the learned the Chief Judicial Magistrate Level, Tiruppur in CC.No.44 of 2015 dated 12.09.2017 and allow this criminal revision case.

For Petitioners : Mr.J.Franklin

For Respondent : Mr.A.Gopinath,
Government Advocate(crl.side)

ORDER



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This criminal revision case has been preferred against the judgment dated 03.11.2022 passed in CA.No.102 of 2017 on the file of the Principal Sessions Judge at Tiruppur thereby confirming the conviction and sentence imposed in CC.No.44 of 2015 dated 12.09.2017 on the file of the Chief Judicial Magistrate, Tiruppur for the offence punishable under Sections 3 & 4 of Tamilnadu Prize Chits and Money Circulation Scheme (Banning) Act, 1978.

2. The case of the prosecution was that the accused were conducting monthly Deepavali chits by inducing their subscribers with false promise that they would get prize and also dividend and introduced schemes and received a sum of Rs.1,00,000/-, Rs.60,000/- and Rs.50,000/- for three chits and received various sums from so many victims. Those amounts had been utilised by the accused for their personal use and the subscribers were not paid any prize amount and also the accused failed to share the dividend to the subscribers. The chit was conducted by the accused without any proper approval or permission from the authority concerned. Therefore, the respondent registered FIR in



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crime No.11 of 2013 for the offence punishable under Sections 3 & 4 of Tamilnadu Prize Chits and Money Circulation Scheme (Banning) Act, 1978 and Section 420 of IPC. After completion of investigation, final report was filed and the same was taken cognizance by the trial court in CC.No.44 of 2015.

3. On the side of the prosecution, they had examined PW1 to PW26 and marked Ex.P1 to Ex.P34. On the side of the petitioners, no one was examined and no documents were produced. On perusal of the oral and documentary evidences, the trial court convicted both the petitioners for the offence punishable under Sections 3 & 4 of Tamilnadu Prize Chits and Money Circulation Scheme (Banning) Act, 1978 and sentenced them to undergo two years rigorous imprisonment and ordered to pay fine of Rs.5,000/-(each), in default to undergo six months simple imprisonment. Aggrieved by the same, the petitioners preferred appeal and the same was also dismissed and the conviction and sentence imposed by the trial court was upheld. Aggrieved by the same, the present criminal revision case has been filed.



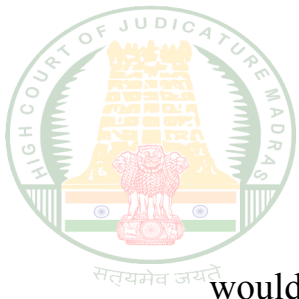
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4. The learned counsel for the petitioners would submit that the conviction is liable to be set aside since no charges are made out under Sections 3 & 4 of Tamilnadu Prize Chits and Money Circulation Scheme (Banning) Act, 1978 against the petitioners. The petitioners conducted conventional chit and it would not amount to any offence under the aforesaid sections. As per Section 3 of Tamilnadu Prize Chits and Money Circulation Scheme (Banning) Act, 1978, no person shall promote or conduct any prize chit or money circulation scheme, or enroll as a member to any such chit or scheme, or participate in it otherwise, or receive or remit any money in pursuance of such chit or scheme. As such, the prize chit does not include conventional chit and therefore, no offence is made out under Section 3 of Tamilnadu Prize Chits and Money Circulation Scheme (Banning) Act, 1978.

5. Heard, the learned counsel for the petitioners, the learned Government Advocate(crl.side) for the respondent and also perused, the materials available on record.

6. On perusal of the records, it is revealed that all the victims were examined as PW1 to PW26 and they all deposed that they had subscribed to chits conducted by the accused on the assurance that they



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would get prize and also dividend for their chits. Thereafter, they were not paid prize chit and also they did not get any dividend from the chits subscribed by them. They further deposed that the accused collected money and they also made entry in the books. All the subscribers were enrolled by the accused for their respective schemes of chit. Therefore, the chit run by the accused would not come under the definition of the conventional chits. It is relevant to extract the definition of conventional chit as provided in the Tamilnadu Prize Chits and Money Circulation Scheme (Banning) Act, 1978 hereunder:

2.(a) “conventional chit” means a transaction whether called chit, chit fund, kuri or by any other name by or under which a person responsible for the conduct of the chit enters into an agreement with a specified number of persons that every one of them shall subscribe a certain sum of money (or certain quantity of grain instead) by way of periodical instalments for a definite period and that each such subscriber shall, in his turn, as determined by lot or by auction or by tender or in such other manner as may be provided for in the chit agreement, be entitled to a prize amount.

Explanation.—In this clause “prize amount” shall mean the amount, by whatever name called, arrived at by



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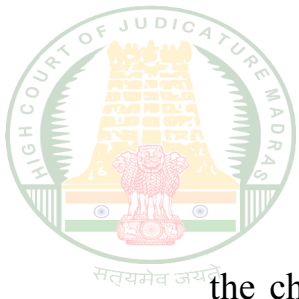
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deducting from out of the total amount paid or payable at each instalment by all the subscribers,

(i) the commission charged as service charges as a promoter or foreman or an agent; and

(ii) any sum which a subscriber agrees to forego, from out of the total subscriptions of each instalment, in consideration of the balance being paid to him;

7. The above definition clearly shows that the chit run by the accused comes under the definition of 'prize chit' and as such, the petitioners committed offence under Section 3 of Tamilnadu Prize Chits and Money Circulation Scheme (Banning) Act, 1978. The petitioners had collected around Rs.20,00,000/- from the victims in the name of various schemes of chits and failed to repay the said amount and also failed to share the dividend. The chit books and also the registers maintained by the victims were marked before the trial court as Ex.P2 to Ex.P32. Though the petitioners registered the victims' names in their ledger as subscribers and provided chit books indicating the chit transactions to the victims, the petitioners failed to pay the prize chit and also failed to share the dividend. Therefore, they had no intention to cheat the victims at the initial stage and as such, the trial court found the petitioners not guilty for



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the charge under Section 420 of IPC. However, the prosecution proved the charge for the offence under Sections 3 & 4 of Tamilnadu Prize Chits and Money Circulation Scheme (Banning) Act, 1978. Therefore, the trial court and the appellate court rightly convicted the accused for the offence under Sections 3 & 4 of Tamilnadu Prize Chits and Money Circulation Scheme (Banning) Act, 1978. As such, this criminal revision case fails and the same is liable to be dismissed.

8. Accordingly, this criminal revision case is dismissed.

09.06.2025

Neutral citation: Yes/No
Index: Yes/No
Speaking/Non speaking order
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G.K.ILANTHIRAIYAN. J,

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To

1.The learned Principal Sessions Judge at Tiruppur
2.The Chief Judicial Magistrate Level, Tiruppur
3.Inspector of Police,
Tiruppur District Crime Branch,

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Police Station
4.Public Prosecutor,
High Court of Madras

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