

Date of Filing : 06.09.2022

Date of Order : 03.07.2023

**BEFORE THE DISTRICT CONSUMER DISPUTES REDRESSAL**

**COMMISSION-III, HYDERABAD**

Present

SRI M. RAM GOPAL REDDY, PRESIDENT

SMT. D.SREEDEVI, MEMBER

SMT. J.SHYAMALA, MEMBER

Monday, the 3<sup>rd</sup> day of July' 2023

**C.C. No.581 of 2022**

**Between:**

G.Thimma Reddy,  
S/o. G.Lingappa,  
Aged 45 years, Occ: Private Employee,  
R/o. H.No.5-3-201, Plot No.402B, Kranthi Heights,  
BJP Office Road, Kukatpally,  
Hyderabad – 500072.  
Cell No.9490234432.

.....Complainant

**And:**

1. M/s. SAI VEDA CHIT FUND PVT. LTD.,  
H.No.2-2-1118/1/8/A, 2<sup>nd</sup> Floor,  
New Nallakunta, Shivam Road,  
Hyderabad – 500044.  
Rep. by its Managing Director K.Mallesh.

2. K.Mallesh,  
S/o. Late K.Narasimha,  
Aged 42 years, Managing Director,  
M/s. SAI VEDA CHIT FUND PVT. LTD.,  
H.No.2-2-1118/1/8/A, 2<sup>nd</sup> Floor,  
New Nallakunta, Shivam Road,  
Hyderabad – 500044.

....Opposite Parties

Counsel for the Complainant : Sri K.Vijayender Reddy, Advocate

Counsel for the Opposite Parties : Sri V.Srinivasa Rao, Advocate.

**ORDER:**

(PER SMT. J. SHYAMALA, MEMBER, ON BEHALF OF THE BENCH)

1. The Complainant filed this complaint under section 35 of the Consumer Protection Act, 2019, praying to direct the opposite parties 1 & 2 jointly and severally:

a). To refund an amount of Rs.2,25,000/- towards the balance chit amount payable by the complainant in Chit bearing No.SVNL02P-08 held by the complainant together with interest @ 24% p.a., from the date of commencement of chit i.e., 21.10.2020 till realization.

- b). To award compensation of Rs.4,00,000/- for causing physical suffering coupled with mental harassment.
- c). To award a sum of Rs.2,00,000/- towards the damages.
- d). To award a sum of Rs.50,000/- towards the costs of this complaint.
- e) And to pass such other relief or reliefs as this Hon'ble Commission may deem fit and proper in the circumstances of the case.

2. The case of the complainant in brief is that, through known friends he joined the chit bearing No.SVNLO1J with ticket No.8, the total value is Rs.10,00,000/- with monthly installment of Rs.25,000/- for 40 months believing the words of opposite party that it is carrying its business strictly within the ambit of Chit Fund Act. 1982, and commenced on June 2021 and obtained pass book. The complainant paid regular installments without fail together with dividends for 9 months accrued amounting to Rs.2,25,000/- till February 2022. When the complainant came to know that, the opposite parties are running Chit Business in violation of Chit Fund Act, immediately, registered a complaint before Registrar of Chits dt.28/05/2022 seeking information, and received a reply that, opposite party No.1 registered only one chit i.e, Group chit bearing No. SVNLO1P.PS dt.22/10/2020 for chit value of Rs10,00,000/- and further clarified that, the chit information sought by complainant was not registered with the concerned authority. Hence, the complainant was flabbergasted to know that the subject chit was not registered and the opposite parties are doing illegal business by keeping the subscribers in dark. When the complainant approached and intimated the same to the opposite parties, they pacified the complainant and promised to return the said amount of Rs.2,25,000/- in installment basis and as on date repaid only Rs.1,63,000/- and failed to pay the balance amount of Rs.62,000/- in spite of making number of visits to their office. Vexed with their attitude, complainant lodged a complaint against the opposite parties before PS Nallakunta but in vain. As a last resort, complainant got issued a legal notice dt.01/08/2022 demanding the repayment, compensation and damages, though received the same on 04/08/2022, the opposite parties did not reply nor complied the same. With a fond hope of starting his own Industrial Chemical Business, the complainant invested his hard earned money in the subject chit, but due to the fraud played by opposite parties on him, complainant was cheated, his dreams were shattered hence, the acts of opposite parties amount to deficiency in services and unfair trade practice, Hence, this complaint.

3. The opposite party filed written version contending that, Complainant joined in two chits (middle of the chits i.e, broken chits) and furnished the following particulars as follows:

i) Chit value is Rs.5 Lakhs, monthly subscription is Rs.12,500/- and period of chit is 40 months. The Chit started in the month of 21/10/2020. Chit bearing No.SVNL01J-8

ii) Chit value is Rs.10 Lakhs, monthly subscription is Rs.25,000/- and period of chit is 40 months. The Chit started in the month of June, 2021. Chit bearing No.SVML02P-8

3.a) Being joined in the middle of the chit after deducting dividend complainant paid Rs.60,000/- for a period of 6 months i.e, from October 2020 to March 2021 for Rs.5,00,000/- chit and after that, the complainant did not pay single amount towards his regular chit installments amount but paying for 18 months amounting to Rs.2,25,000/- till Mar,2022 is false and has to prove the same by filing documentary evidence. Similarly, the complainant after deducting dividend paid Rs.1,02,500/- at a time for the period from June, 2021 to October 2021 ( for a period of 5 months) @ Rs.25,000/- per month. for the month Nov,2021 (6<sup>th</sup> month) complainant issued a cheque dt.21/11/2021 for Rs.17,500/- but the same was dishonored due to insufficient funds in the bank account of complainant.

3.b) The complainant was a successful bidder for the Chit bearing No.SVNL01J-8 for the value of Rs.5,00,000/- in the month of April 2021 for a sum of Rs.3,25,000/- and the complainant failed to produce the required sureties for payment of bid amount of Rs.3,25,000/- and also failed to pay the subsequent months chit amount in both Rs.5,00,000/- and Rs.10,00,000/- chits stating that, he is in financial crisis on account of Corona pandemic in the country. Only in the month of April, 2022 complainant approached the opposite parties and informed that he is unable to produce any sureties for the bid amount of Rs.3,25,000/- and requested to restore his membership and adjust the bid amount to future installments of chit value of 5 Lakhs and Rs.10 Lakhs and refund the balance amount keeping the chit value of Rs.10,00,000/- as security and accordingly, the opposite parties have adjusted the amount to the chit value of Rs.5 Lakhs and Rs.10 Lakhs upto FEB,2022 and MAR 2022 respectively vide SVJ 34/2022 dt.06.05.2022 and for the remaining balance amount, opposite parties issued two cheques for Rs. 69,000/- and Rs.69,597/- in the name of the complainant. Complainant approached opposite parties on 19/7/22 and returned two cheques and requested for refund of amount paid by him towards subscription for the chits value of both chits totaling to Rs.1,63,000/- as he is not intended

to continue in the above said chits and accordingly the opposite parties have refunded an amount of Rs.1,63,000/-by closing the above chits. The complainant acknowledged the receipt of refund and also acknowledged the same in his letter dt.19/7/2022 with a request *“Saiveda chit fund management during this 10 months of my subscription, I lost my business and interest of above money. consider all my loss, please compensate me with the amount of equal to my loss”* . In view of the receipt of entire payment by the complainant, the complainant is not entitled to get any amount much less prayed in the complaint as per cl.8 of the chit book furnished to the complainant, hence prayed to dismiss the complaint as there is no deficiency in service by the opposite parties.

4. During the course of trial, the complainant examined as PW1 and got marked Ex. A1 to A8. Sri K.Mallesha, M/s. SAI VEDA CHIT FUND PVT. LTD., Managing Director of the Opposite party is examined as Dw1 and got marked Ex.B1 & B2. Both parties filed their written arguments. Heard by both.

5.The points that arise for consideration are:-

- (1) Whether there is any deficiency in service on the part of the opposite party?
- (2) Whether the complainant is entitled for the reliefs as prayed for?
- (3) To what extent?

6. Point No.1 & 2 :-

There is no dispute that, as per Ex.A1 complainant joined the chit bearing No.SVLN02P with ticket No.8, for the total value of Rs.10,00,000/- with monthly installment of Rs.25,000/- for 40 months, commenced in June 2021 and obtained pass book. When the complainant came to know that, the opposite parties are running Chit Business in violation of Chit Fund Act, immediately, registered a complaint before Registrar of Chits dt.28/05/2022 as per Ex.A4 seeking information, and received a reply as per Ex.A5 that, opposite party No.1 not registered the subject chit with the concerned authority. Hence, the complainant issued legal notice as per Ex.A6 which was served on opposite party. No.2 as per Ex.A7 & A8 on 04/08/2022, did not replied nor complied the same. The opposite parties contention is that, being joined in the middle of the chit after deducting dividend complainant paid Rs.1,02,500/- for a period of 5 months i.e, from June 2021 to October 2021 for Rs.10,00,000/- chit. For the month of November 2021 (sixth month), the complainant issued a cheque dt.21/11/2021 for Rs.17,500/- but same was dishonored due to insufficient funds in his account and after that, the complainant did not pay single amount

towards his regular chit installments stating that, he is in financial crisis on account of Corona pandemic in the country and requested for refund of amount paid by him towards subscription for the chits value of both chits totaling to Rs.1,63,000/- as he is not intended to continue in the above said chits and accordingly the opposite parties have refunded an amount of Rs.1,63,000/- by closing the above chits as per Ex.B2. As per Ex.B1 the complainant issued letter dt.19/7/2022 with a request to compensate for loss he occurred due to investing in the unregistered chit. As per Ex.B2 the opposite parties paid the amounts received towards subscription of two chits without any interest. Therefore, as the complainant has already received the subscription amount of Rs.1,02,500/- on 19/7/2022 is entitled to receive 12% interest p.a from date of joining the chit i.e, June 2021 to date of repayment i.e, 19/7/2022 along with Rs.10,000/- compensation and Rs.2,000/- towards cost of the complaint. We also direct the opposite parties to pay Rs.10,000/- to the Consumer Legal Aid Account, towards punitive damages as running the chit without obtaining the permission from Registrar of Chits which is not only deficiency in service and also amounts to unfair trade practice. We direct the office to send a copy of this order to Registrar of Chits as the Registrar of Chits should control the chit fund companies which are mushrooming and doing unfair trade by usurping the hard earned monies of middle class people. The other CC.No.583/2022 filed against Rs.5,00,000/- chit between the same parties is also disposed along with this case.

7. Point No.3 :- In the result, the complaint is allowed in part directing the opposite parties;

- i) To pay @ 12% interest p.a., on Rs.1,02,500/- (Rupees One lakh Two thousand five hundred only) from June 2021 to 19/07/2022.
- ii) To pay Rs.10,000/- (Rupees ten thousand only) towards compensation.
- iii) To pay Rs.2,000/- (Rupees two thousand only) towards cost of the complaint to the complainant.
- iv) To pay Rs.10,000/- (Rupees ten thousand only) as punitive damages payable to Consumer Legal Aid Account No. 037812010000710 for doing unfair trade practice.

Time for compliance is 45 days from the date of receipt of this order.

Dictated to steno transcribed and typed by her pronounced by us on this the 3<sup>rd</sup> Day of July' 2023.

MEMBER

MEMBER

PRESIDENT

**APPENDIX OF EVIDENCE**  
**WITNESSES EXAMINED**

**For Complainant:-**

PW1 : G.Thimma Reddy.

**For Opposite Parties:-**

DW1: Sri K.Mallesh, Managing Director of the Opposite party.

**DOCUMENTS MARKED:-**

**For Complainant:**

- Ex.A1- is the copy of Chit Pass Book issued in the name of the complainant of the Chit group No. SVNLO2P-08 for the Chit Value of Rs.10,00,000/-,
- Ex.A2- is the copy of Certificate of Incorporation of the Opposite Party Company, dt.18.07.2020.
- Ex.A3- is the copy of Allotment of Tax Deduction Account Number TAN in favour of the Opposite Party by the Income Tax Department, Govt. of India in favour of the Opposite Party Company, dt.24.07.2020.
- Ex.A4- is the copy of Letter addressed to the Asst. Registrar of Chits, R.O., Hyderabad by the Complainant, dt.28.05.2022.
- Ex.A5- is the copy of Letter bearing Lr.No.ARC/RO/CF/08/2022 issued by the Asst. Registrar of Chits, R.O., Hyderabad to the complainant, dt.28.05.2022.
- Ex.A6 - is the copy of Legal Notice issued to the Opposite Party by the complainant's counsel, dt.01.08.2022.
- Ex.A7- is the copy of Postal Receipt bearing No.RN061419745IN, dt.03.08.2022.
- Ex.A8 - is the copy of Postal Track Record evidencing the receipt of legal notice by the Opposite Party, dt.04.08.2022.

**For Opposite Parties :**

- Ex.B1- is the copy of addressed by the complainant to the opposite parties, dt.19.07.2022.
- Ex.B2- is the copy of Cash voucher signed by the complainant in token of receipt of amount of Rs.1,63,000/-, dt.19.07.202.

MEMBER  
KPS

MEMBER

PRESIDENT