

1	2	3
Capital market	-9.1 (1.7)	3.4 (1.5)
Commodities	Nil	Nil
	Nil	Nil
All sensitive sectors	8.7 (17.4)	16.0 (17.4)

*Note:* Figures in brackets indicate percentage share in total bank credit.

*Source:* RBI, Annual accounts of banks.

(c) and (d) RBI has further informed that while sensitive sectors as a whole accounted for 17.4 per cent of total bank credit in 2012-13, real estate loans alone accounted for 15.9 per cent of the share of total bank credit. This growth of credit in real estate needs to be seen in light of the steep rise in housing prices in all Tier-I cities and several Tier-II cities in 2012-13.

(e) To improve asset quality of banks, and to reduce NPAs, the Government has advised Public Sector Banks (PSBs) to take a number of new initiatives to increase the pace of recovery and manage NPAs, which, *inter-alia*, include appointment of Nodal officers for recovery, to conduct special drives for recovery of kiss assets, to put in place early warning system, and to constitute a Board level Committee for monitoring of recovery.

Further, to ensure effective and expeditious recovery of defaulted loans of Banks and Financial Institutions, the Enforcement of Security interest and Recovery of Debts Laws (Amendment) Act, 2012' (No.1 of 2013) has been enacted bringing out certain amendments in the SARFAESI, Act, 2002 and RDDBFI Act, 1993.

#### **Frauds by Chit Fund and Ponzi Schemes**

1265. SHRI NARESH AGRAWAL: Will the Minister of FINANCE be pleased to state:

(a) whether Government has taken note of the number of chit fund companies and ponzi schemes being operated in the country;

(b) whether regulatory agencies like SEBI and RBI have not been efficient in stopping frauds by these schemes and companies; and

(c) if so, what steps Government plans to take protect the investors of the country?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA): (a) to (c) Securities and Exchange Board of India (SEBI) regulates Collective Investment Schemes (CIS) as defined under Section 11 AA of the SEBI Act, 1992. Chit Fund does not fall under the regulatory purview of SEBI as the same is specifically exempted under section 11AA (3) (vii) of the SEBI Act, 1992. Chit Funds are classified as miscellaneous Non-Banking Financial Institutions, under the Reserve Bank of India Act, 1934 (RBI Act, 1934) and are now governed by the Chit Funds Act, 1982 which is administered by the respective State Governments. A Ponzi Scheme is banned under the Prize Chits and Money Circulation Schemes (Banning) Act, 1978. As per the said Act the State Government is the enforcement agency to implement the provisions of the Act and take action against the defaulting entities/persons.

As per provision of Section 45-I (bb) (vii) of RBI Act, 1934 any amount received by way of subscriptions in respect of a "Chit" is excluded from definition of 'deposit' as defined in the RBI Act. Further, provisions of Sections 45-IA (mandatory registration), 45-IB (maintenance of liquid assets in approved securities), 45-IC (Reserve Fund) are not applicable to Chit Fund companies. Besides, on 28.08.2009, RBI, by notification, prohibited Chit Fund companies from accepting deposits, except from their shareholders.

Reserve Bank of India (RBI) has reported that complaints are received alleging cheating/fraud by entities by way of falsely promoting high returns/running money circulation schemes etc. and such complaints are forwarded to the Economic Offences Wing (EOW) of the State Police for investigation and further necessary action.

RBI has been sensitizing the State Governments that Multi-Level Marketing (MLM) schemes fall under the Prize Chits and Money Circulation Scheme (Banning) Act, 1978, and they should take appropriate necessary action whenever instances of MLM are reported to them.

To protect the interest of investors, an all India campaign warning the public against fraudsters is being conducted by RBI. An advertisement was issued on 03.09.2013 in 197 newspapers cautioning general public to beware of the unauthorised companies accepting public deposits and check the authenticity of the company before placing the deposits with them.

So far, 15 States and 2 Union Territories have passed the Protection of 'Interest of Depositors' Act, and these legislations include clauses for taking action against

entities collecting money from the public by making false promises regarding unreasonable rates of interest on deposit.

Recently, RBI has also addressed letters to the editors of the local newspapers (Hindi/English) requesting them to exercise caution in the matter of accepting advertisements pertaining to acceptance of deposits by unincorporated bodies.

Post Saradha Scam, detailed Frequently Asked Questions (FAQs) on the regulatory jurisdiction of RBI have been put on the RBI website on 03.06.2013 and published in vernacular press all over the country. RBI has also decided to conduct joint campaigns along with co-regulators / Indian Banks' Association (IBA) including Ministry of Corporate Affairs (MCA).

As a one-time measure, RBI has undertaken an exercise to examine the financials of the 34,752 companies sent by MCA to ascertain whether they are required to be registered with RBI or whether there have been violations to the RBI Act, 1934.

#### **Declaration of NPAs by banks**

1266. SHRI BHUPENDER YADAV: Will the Minister of FINANCE be pleased to state:

(a) the details of all banks that have declared Non-Performing Assets (NPAs) in the past three years, including the current year, and the frequency of such declarations;

(b) whether such banks are subject to special regulations to ensure they do not regress back to the same once their NPA status is reversed; and

(c) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA): (a) to (c) As per the data made available by the Reserve Bank of India (RBI), the details of bank group-wise data on Gross NPAs during the past three years and as on September, 2013 are as under:

(Rs. in crore)				
Bank-Group	March, 2011	March, 2012	March, 2013	Sept., 2013*
1	2	3	4	5
Nationalised Banks	42940	66795	95922	127108
SBI Group	28140	45694	59967	76162