

Checking of fake schemes

†3408. SHRI LAL SINH VADODIA: Will the Minister of FINANCE be pleased to state:

- (a) whether it is a fact that Government is very serious to check the people involved in running fake schemes;
- (b) if so, whether Government has taken any step to prevent the same; and
- (c) if so, the details thereof and if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JAYANT SINHA): (a) and (b) Yes Sir.

(c) Cheating by entities/persons through fake schemes is done mostly through dubious Multi-Level Marketing (MLM) schemes or through Collective Investment Schemes (CIS). These constitute an offence under the Prize Chits and Money Circulation Schemes (Banning) Act, 1978 or under the Securities and Exchange Board of India Act, 1992, respectively. The power to investigate and prosecute entities/persons carrying out dubious MLM activities, lies with the State Governments. On the other hand, Collective Investment Schemes are regulated by Securities and Exchange Board of India (SEBI).

SEBI has taken action against certain companies who have raised monies by issuing securities such as Non-Convertible Debentures (NCDs)/ Non-Convertible Redeemable Preference Shares (NCRPS) from more than 49 investors in violation of Section 67(3) of Companies Act, 1956, SEBI (Issue and Listing of Debt Securities) Regulation, 2008, SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 and SEBI (Issue and Listing of Non-Convertible Redeemable Preference Shares) Regulations, 2013. SEBI nassed interim/ final orders against 61 companies. Names of the such companies are given in the Statement (*See* below).

Further, during the last three years and current year, SEBI has found that 55 companies have violated the SEBI (CIS) Regulations by carrying out CIS activities without obtaining certificate of registration from SEBI as a Collective Investment Management Company. SEBI has issued suitable directions against these 55 companies.

Out of the 55 entities mentioned above, SEBI has issued final orders against 19 entities directing them, *inter alia*, to wind up the Collective Investment Schemes by repaying the amount due to the investors. In the remaining 36 cases, has issued interim

†Original notice of the question was received in Hindi.

orders directing them, *inter alia*, not to collect further money in the existing schemes, not to launch new scheme and not to alienate the scheme property.

Insofar as the Companies Act, 2013 [Act] is concerned, the cases of violations of the provisions of the Act by Chit Fund/ MLM companies are dealt with in accordance with the Act which includes ordering inspections and/ or investigations against the companies found to be indulging in such activities. Besides, the Ministry has also taken following steps to curb and prevent such corporate activities:

- (i) 'Fraud' as a substantive offence has been introduced in the Act;
- (ii) Statutory status has been granted under the Act to the Serious Fraud Investigation Office;
- (iii) Stricter norms of Corporate Governance and their implementation have been prescribed the Act;
- (iv) It has been made mandatory for every existing or prospective director to obtain a Director Identification Number (DIN). This process requires submission of particulars of a person that include a photograph, an identity proof, residence proof etc., and the same is verified so that traceability of the directors is ensured. Requirement of DIN, therefore, makes it difficult for individuals to promote dubious companies for defrauding investors by hiding or misrepresenting their identity.
- (v) In case of incorporation of a new company or change of address of an existing company, the MCA has made it mandatory for professionals to verify details of the company, and to personally visit their premises, and to certify that the premises are at the disposal of the company. In such cases, proof of registered address has to be mandatorily furnished at the time of incorporation or at the time of change of address of registered office.
- (vi) The MCA has also undertaken pre-emptive measures aimed at sensitizing people through investor awareness programmes. These programmes are organized regularly in association with the three professional institutes- Institute of Chartered Accountants of India (ICAI), Institute of Cost Accountants of India (ICAI) and Institute of Company Secretaries of India (ICSI) in various cities. Since 2012-13, MCA has also started organizing such programmes in rural areas through CSC e-Governance Services India Ltd, an entity under Department of Electronics and Information Technology. 2897 such programmes were conducted during 2013-2014.

Reserve Bank of India [RBI] has not come across any Ponzi scheme floated by any Non-Banking Financial Company [NBFC] registered with RBI under section 45IA of the RBI Act, 1934. Complaints received by RBI against alleged frauds/ cheating by non-NBFCs and Unincorporated bodies, are forwarded to the Economic Offences Wing (EOW) of the State Police for investigation and further necessary action, as these entities do not fall under the purview of RBI.

RBI has cautioned the public regarding Ponzi schemes under the head of Frequently Asked Questions (FAQs) on the RBI website.

A press release was also issued by RBI on November 29, 2010 cautioning general public about unauthorised companies collecting deposits from public.

Advertisement in public interest relating to Deposits in NBFC was released in 197 English and Vernacular newspapers on September 03, 2013.

Statement

Names of the companies against whom SEBI passed interim/final orders

Sl. No.	Name of the entity
1.	Basil International Limited
2.	Rhine And Raavi Credits & Holdings Ltd.
3.	Alchemist Holdings Ltd
4.	Kolkata Weir Industries Limited
5.	GHSP Realtech Limited
6.	Golden Life Agro India Limited
7.	Promo tech Infratech Limited
8.	Idol India Infrastructures Limited
9.	Mangalam Agro Products Limited
10.	Greater Kolkata Infrastructure Limited
11.	Aspen Projects India Limited
12.	Sunplant Forgings Limited
13.	Mega Mould India Limited
14.	Sunplant Constructions Limited

Sl. No.	Name of the entity
15.	Wasankar Wealth Management Limited
16.	PAFL Industries Limited
17.	Ramel Real Estate Infrastructure Ltd.
18.	MBK Business Development (India) Limited
19.	Green Touch Projects Limited
20.	Falkon Industries India Limited
21.	Ravi Kiran Realty India Limited
22.	Progress Cultivation Ltd
23.	Multi Purpose Bios India Limited
24.	Pinnacle Ventures India Limited
25.	Magnox Infraprojects Limited
26.	Amrit Projects (N. E.) Limited
27.	Bharat Krishi Samridhi Industries Ltd.
28.	Purusattam Info tech Industries Limited
29.	Amrit Projects Ltd.
30.	Rising Agrotech
31.	Seba Real Estate Limited
32.	Torsa Agro projects Ltd.
33.	Weird Industries Ltd.
34.	Weird Infrastructure Corporation Limited
35.	Life Care Real Developers Limited
36.	Vamshi Chemicals Limited
37.	Life Care Infra Tech Limited
38.	Real Tulip India Ltd.
39.	Newland Agro Industries Ltd.
40.	Sun Heaven Agro India Ltd.

Sl. No.	Name of the entity
41.	Angel Rural Development Ltd.
42.	Micro Leasing and Funding Limited
43.	Prism Infracon Limited
44.	Sun-Plant Business Limited
45.	Sampriti Projects Limited
46.	Federal Agro Commercials Limited
47.	Kolkata Aryan Food Industries Limited
48.	Waris Agrotech (India) Limited
49.	Vista Management Services Limited
50.	Swarnabhumi Developers Limited
51.	Bharatiya Real Estate Development Limited
52.	SLB Invest (India) Ltd.
53.	Aditya Global Industries Limited
54.	Orchid Cultivation Projects India Limited
55.	Mass Infra Reality Ltd.
56.	Greenworld Agro Industries Limited
57.	Alchemist Capital Limited
58.	Adorable Agrotech Limited
59.	Mondal Construction Company Limited
60.	Just-Reliable Projects India Limited
61.	Option One industries Ltd.

New criteria for appointment of bank Directors

3409. SHRI NARESH GUJRAL: Will the Minister of FINANCE be pleased to state:

(a) the number of senior officers in Public Sector Banks (PSBs) against whom inquiries have been initiated for unscrupulous activities;