

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES
RAJYA SABHA
UNSTARRED QUESTION NO. 234

ANSWERED ON TUESDAY, 5th December, 2023/ **Agrahayana 14, 1945 (Saka)**

Financial frauds by non-NBFCs

234. Shri Pramod Tiwari:

Will the Minister of FINANCE be pleased to state:

- (a) whether Government is aware of the financial frauds and floating financial schemes by companies not registered as non-banking financial companies (NBFCs), and if so, the details thereof;
- (b) the actions being taken by Government to ensure the financial safety and security of the people being cheated by these companies; and
- (c) whether Government has issued any directive to the Reserve Bank of India in order to prevent these frauds at present as well as in future and if so, the details thereof?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE

(DR. BHAGWAT KARAD)

(a) to (c): To address challenge of financial frauds and floating financial schemes by companies not registered as non-banking financial companies (NBFCs), and to protect the interests of depositors, following steps have been taken by Government, regulators and law enforcement agencies:

- The Banning of Unregulated Deposit Schemes Act, 2019 has been enacted by the Central Government. The Act contains comprehensive provisions to prohibit promotion, operating, issuance of advertisements or accepting deposits in any Unregulated Deposit Scheme.
- Through Reserve Bank of India (RBI)'s online portal SACHET, the public is cautioned against fraudulent schemes/ entities. From the portal, members of the public can obtain information regarding entities that are allowed to accept deposits, whether the entity is registered with any regulator, lodge complaints and also share information regarding financial frauds and illegal acceptance of deposits by unscrupulous entities.
- RBI has developed Financial Awareness Messages (FAME), with target group-specific content for five target groups viz., entrepreneurs, Self Help Groups (SHGs), farmers, school children and senior citizens. The content inter alia spreads awareness on Financial frauds and Ponzi Schemes.
- State Level Coordination Committee (SLCC) is a joint forum formed in all States to facilitate information sharing among the regulators and Enforcement Agencies of the States, with objective to control the incidents of unscrupulous entities indulging in activities such as unauthorized acceptance of deposits and financial frauds, etc. It is convened by RBI in States/UTs.

Various regulators and enforcement agencies i.e. Directorate of Enforcement, Central Bureau of Investigation, Securities and Exchange Board of India, and RBI, etc register/investigate cases for breach of regulations/ laws.
