

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:3689
ANSWERED ON:27.04.2012
PONZI OPERATIONS
Venugopal Shri P.

Will the Minister of FINANCE be pleased to state:

- (a) whether the Securities and Exchange Board of India (SEBI) requires powers to deal with Ponzi operations;
- (b) if so, the details thereof;
- (c) whether SEBI expressed its helplessness in addressing frauds committed through pyramid schemes; and
- (d) if so, the details thereof and reaction of the Government thereto?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA)

(a, b, c & d): Collective Investment Scheme (CIS) is defined under Section 11AA of the SEBI Act. However, activities such as chit business, Nidhi companies and money circulation schemes do not fall under the purview of CIS. Ponzi schemes and pyramid schemes, therefore, do not fall under the ambit of SEBI. Such schemes fall under the purview of State Governments.