

**GOVERNMENT OF INDIA
CORPORATE AFFAIRS
LOK SABHA**

UNSTARRED QUESTION NO:2245

ANSWERED ON:22.08.2013

FRAUDULENT INVESTMENT SCHEMES

Adhalrao Patil Shri Shivaji; Adsul Shri Anandrao Vithoba; Dharmshi Shri Babar Gajanan; Yaskhi Shri Madhu Goud

Will the Minister of CORPORATE AFFAIRS be pleased to state:

- (a) whether the Union Government is aware that some individuals and entities are defrauding the gullible investors in the name of high return schemes;
- (b) if so, the facts in this regard and the reaction of the Union Government thereto;
- (c) whether Ministry is planning to sensitise police, judiciary and other agencies across States on ways to curb fraudulent investment schemes;
- (d) if so, the details in this regard; and
- (e) the steps taken/proposed to be taken by the Union Government to implement the aforesaid plan?

Answer

THE MINISTER OF STATE (INDEPENDENT CHARGE) (SHRI SACHIN PILOT) IN THE MINISTRY OF CORPORATE AFFAIRS

(a) & (b) Yes, Madam. The Ministry of Corporate Affairs has received complaints that some companies are allegedly defrauding investors by offering high returns. During the last three years and the current year, the Ministry has ordered investigations into the affairs of 125 such companies under sections 235/237 of the Companies Act, 1956 by the Serious Fraud Investigation Office.

(c) to (e) This Ministry has already taken various steps to sensitise public and various other agencies about fraudulent investment schemes, such as:-

- (i) The Minister has requested Chief Ministers of the States to issue instructions to State Police Authorities for taking vigorous action under the Prize Chits and Money Circulation Schemes (Banning) Act, 1978.
- (ii) The Minister has also written to the Hon'ble Finance Minister to increase the surveillance by RBI over unauthorized NBFCs.
- (iii) Undertaking investor awareness programmes in association with the Institute of Chartered Accountants of India, Institute of Company Secretaries of India and Institute of Cost Accountants of India, specifically targeting investors in tier II and tier III cities.
- (iv) Publication of a comprehensive guide in English and two smaller booklets in English, Hindi and 11 vernacular languages for use of investors. These booklets are distributed to all investors participating in the investor awareness programmes.
- (v) Issue of multi-lingual print media advertisements from time to time to caution the investors about fraudulent investment schemes.
- (vi) Undertaking media campaigns through DD News Channels and Regional Kendras of Doordarshan.
- (vii) Publishing a brief investors' awareness message on Post Office Savings Bank Passbooks.
- (viii) A system of sending bulk SMSs introduced cautioning investors to be careful while making investments.
- (ix) Providing search facility on the portal of the Ministry (MCA 21) enabling investors to search for their unpaid and unclaimed amounts and claim payments from the concerned companies.
- (x) Creation of facility on MCA21 website for lodging investor complaints and for tracking their status.