

**GOVERNMENT OF INDIA
CORPORATE AFFAIRS
LOK SABHA**

UNSTARRED QUESTION NO:919

ANSWERED ON:08.08.2013

CHIT FUND COMPANIES

Bapurao Shri Khatgaonkar Patil Bhaskarrao;Gaikwad Shri Eknath Mahadeo;Gowda Shri D.B. Chandre;Jeyadural Shri S. R.;Owaisi Shri Asaduddin;Paranjpe Shri Anand Prakash

Will the Minister of CORPORATE AFFAIRS be pleased to state:

(a) whether the Government proposes to conduct any inquiry through Serious Fraud Investigation Office (SFIO) on cheating of investors by chit fund companies in various parts of the country so as to protect the interests of investors;

(b) if so, the details thereof;

(c) whether statutory recognition to SFIO has been given; and

(d) if not, by when the same is likely to be given so as to strengthen SFIO?

Answer

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

(a) & (b): 'Chit Fund' companies indulging in cheating of investors are to be proceeded against under the Chit Funds Act 1982 and the Prize Chits & Money Circulation Schemes (Banning) Act, 1978 under which investigations are to be carried out by the State Police authorities. Violations of the provisions of the Companies Act, 1956 by such companies are to be investigated by agencies under the Ministry of Corporate Affairs including the Serious Fraud Investigation Office (SFIO). Thus, while cases of fraud and cheating by the Chit Fund Companies are under investigation by Police Authorities and the Securities and Exchange Board of India (SEBI), in respect of 63 such companies, SFIO is also investigating matters relating primarily to violations of Companies Act, 1956.

(c) & (d) Statutory recognition of SFIO is part of the Companies Bill, 2012.