

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF FINANCIAL SERVICES

**LOK SABHA**

**UNSTARRED QUESTION NO. 1088**

TO BE ANSWERED ON MONDAY, JULY 26, 2021/ Sravana 4, 1943 (Saka)

**CHIT FUND COMPANIES**

†1088:

SHRIMATI BHAVANA PUNDALIKRAO GAWALI:

SHRI OMPRAKASH BHUPALSINH alias PAWAN RAJENIMBALKAR.:

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Will the Minister of FINANCE be pleased to state:

- (a) whether the Government is aware that a large number of chit fund companies are running in the country and if so, the action taken by the Government in this regard;
- (b) the details and number of cases which have come to the notice of the Government from the year 2012 to till date;
- (c) whether the Government is aware that the company named Financial Health Care Services Limited which had several branches all over the country including its four branches in Osmanabad has vanished away with the money of investors and has been closed in the year 2015 and if so, the details thereof;
- (d) whether the Government has conducted an investigation into it and if so, the details thereof; and
- (e) the action taken by the Government to return the money of investors of this company to their families?

**ANSWER**

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE

**(DR. BHAGWAT KISHANRAO KARAD)**

**(a):** Chit Funds are regulated under the Chit Funds Act, 1982. Chit Fund companies legitimately conduct their business under the respective State Governments after obtaining registration from the Registrars of Chits in the respective States / UTs. The Chit Funds Act, 1982 contains detailed penal provisions for any contravention of the Act, including offences committed by companies, for which the Act empowers the respective Registrars to take action.

**(b):** The details of the number of cases of violation of the Chit Funds Act, 1982, are not maintained by the Central Government, since action in these cases is taken by the respective Registrars of Chits in each State / UT. The following information has been brought to notice by RBI and the Serious Fraud Investigation Office (SFIO):

- RBI has informed that they received 4 complaints against M/s Sheeba Kuries Ltd., a Chit Fund Company registered at Pune wherein complainants primarily raised issues of non-repayment of money collected through the scheme. The same was referred by RBI to the Joint Registrar of Chit (ROC), Chit-Funds, Mumbai, Maharashtra.
- SFIO has informed that during the period from 2012-13 to 2020-21 and current financial year (till date), the Ministry of Corporate Affairs (MCA) assigned to SFIO 38 cases involving 256 companies for investigation, which are allegedly engaged in chit fund/Multi-Level Marketing/Ponzi schemes.

**(c) to (e):** No specific complaint has been received against the company named Financial Health Care Services Limited, as per available information. RBI has confirmed that Financial Health Care

Services Ltd. is not a registered NBFC with RBI. SEBI has informed that it does not have any jurisdiction over the said company. The Serious Fraud Investigation Office (SFIO), Ministry of Corporate Affairs (MCA) has also confirmed that MCA has not assigned investigation into the affairs of Financial Health Care Services Ltd. to SFIO.

However, in order to curb illicit deposit taking companies (including companies operating illegitimately under the garb of chit fund companies) from running unauthorized schemes and to prevent common people from losing their hard earned money, the following measures have been taken by the Government:

- The Banning of Unregulated Deposit Schemes Act, 2019 has been enacted and has come into force from 21.02.2019. The Act contains comprehensive provisions to tackle illicit deposit taking activities in the country and to protect the interests of depositors. The Act contains a substantive banning clause which bans deposit takers from promoting, operating, issuing advertisements or accepting deposits in any Unregulated Deposit Scheme. The Act also provides for severe punishment and heavy pecuniary fines to act as deterrent.
- 29 States / Union Territories have passed Protection of Interest of Depositors (PID) Acts for taking action against entities collecting money from the public illegally.
- SLCCs have been set up in all States and UTs with participation by all State Government officials, law enforcement agencies, regulators, etc. SLCCs were reconstituted in April 2014 with the Chief Secretary of the State as the Chair and the frequency of such meetings has been increased from twice a year to four times a year.
- Reserve Bank of India (RBI) has cautioned the public regarding Ponzi schemes under the head of Frequently Asked Questions (FAQs) on their website. Further, through RBI's online portal SACHET (<https://sachet.rbi.org.in>), the public is cautioned against fraudulent schemes/ entities.

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