

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS

LOK SABHA
UNSTARRED QUESTION NO. 1366
TO BE ANSWERED ON FRIDAY, 9TH FEBRUARY, 2018/ MAGHA 20, 1939 (SAKA)

REFUND TO INVESTORS

QUESTION

1366. SHRI B. SRIRAMULU:
SHRIMATI ANJU BALA:

Will the Minister of Finance be pleased to state:

- (a) whether the Government has completed the auction process of Ambey Valley township and other properties of Sahara Group in connection with deposit of thousand of crores of rupees from public unlawfully under Sahara India Real Estate Corp and Sahara Housing Investment Corp and if so, the details thereof;
- (b) whether the Securities and Exchange Board of India (SEBI) has completed the refund process of Sahara Group investors and if so, the details thereof and if not, the reasons therefor along with the extent of financial liabilities that remain with the SEBI; and
- (c) the steps being taken by the Government to prevent/avoid such type of financial frauds in future in the country?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI PON. RADHAKRISHNAN)

(a): Hon'ble Supreme Court, vide its Order dated 17.04.2017, has appointed the Official Liquidator of the Bombay High Court to conduct the auction for sale of the Aamby Valley City, under the guidance of two Judges of the Hon'ble Bombay High Court. Accordingly, the Official Liquidator of the Bombay High Court is taking steps in this regard. Securities and Exchange Board of India (SEBI) has informed that the auction process is not completed and it is ongoing under the aegis of the Judicial Mechanism.

(b): SEBI has not completed the refund process of SAHARA Group investors. SEBI has been making refund to investors of Optionally Fully Convertible Debentures (OFCDs) in (a) Sahara India Real Estate Corporation Ltd., [SIRECL] and (b) Sahara Housing Investment Corporation Ltd. [SHICL], who are lodging their claims/complaints after verification.

Hon'ble Supreme Court, vide its Order dated 08.05.2013 permitted SEBI to make refunds to those investors of aforesaid two companies, who lodge their complaints with SEBI. SEBI initiated the process of refunding the moneys and released a Press Release on 28.05.2013 to that effect. SEBI also released Press Advertisements during the months August-September 2014 and December 2014 advising the investors at large to make necessary application to SEBI for refund of their moneys invested in the OFCDs of the two Companies viz., SIRECL and SHICL.

SEBI has also made available the format of Application for Refund in its website (www.sebi.gov.in) to enable the investors to make the application.

However, SEBI has so far received claims from investors in respect of 43,547 deposit accounts only. SEBI has made refunds in respect of 32,719 deposit accounts for a total value of Rs.91.52 Crore including interest (Principal : Rs.50.08 Crore; Interest : Rs.41.44 Crore).

P.T.O

(c): Several complaints are being received from complainants alleging raising of funds by companies from public through issuance of shares / convertible securities without complying with the statutory / regulatory requirements specified for a public issue. SEBI has been examining such complaints and passing orders / directions under Section 11 and 11B of the SEBI Act, 1992, inter-alia, directing the companies/ directors / promoters to refund the amount collected from investors along with interest @15% p.a. Further, companies/ directors / promoters involved in such cases have been debarred from accessing securities market for specified period.

In order to protect the interest of small investors and depositors against illicit schemes, 24 States and 3 Union Territories (UTs) have enacted special laws called the Protection of Interest of Depositors' (In Financial Establishments) Acts, where by States/ UTs are empowered to take action.

Further, State Level Coordination Committee (SLCC) is the joint forum formed in all States to facilitate information sharing among the Regulators and Enforcement Agencies of the State with the objective to control incidents of unauthorized acceptance of deposits by unscrupulous entities. SLCCs were reconstituted in May, 2014 with renewed focus on unauthorized collection of money by unscrupulous entities.

Apart from the above, the interests of participants in Chit Funds are protected under the Chit Funds Act 1982, under which Chit Funds have to be registered with and regulated by the respective State Registrars of Chits. Prize-Chits/ money circulation schemes/ Ponzi schemes are banned under the Prize Chits and Money Circulation Schemes (Banning) Act, 1978, under which investigations are to be carried out by the State Police authorities.
