

**GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS**

**LOK SABHA
UNSTARRED QUESTION NO. 4049 -
ANSWERED ON - 04.1.2019/ Pausha 14, 1940 (Saka)**

NSEL PAYMENT

4049. SHRI JAI PRAKASH NARAYAN YADAV

Will the Minister of FINANCE be pleased to state:

- (a) whether any recommendations have been submitted by Ministry of Corporate Affairs in National Company Law Appellate Tribunal (NCLAT) regarding National Spot Exchange Limited (NSEL) payment crisis wherein the brokers involved have been recommended to be declared unfit and in-proper, if so, the details thereof and if not, the reasons therefor; and
- (b) the reasons of Securities and Exchange Board of India not declaring them unfit and in-proper inspite of almost one year after adjudication?

ANSWER

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

- (a) Ministry of Corporate Affairs has not made any recommendation to the Hon'ble National Company Law Appellate Tribunal (NCLAT) for declaring brokers involved in the payment crisis at National Spot Exchange Limited (NSEL) as not "fit and proper". Such powers to declare brokers as not "fit and proper" lies with Securities and Exchange Board of India (SEBI). SEBI has initiated enquiry proceedings against 9 brokers based on the investigation report dated August 31, 2018 received from Serious Fraud Investigation Office (SFIO) which has inter-alia referred the names of brokers to SEBI for necessary stringent action. SFIO in its report has not recommended the brokers to be declared unfit and improper.

(b) On the issue of fit and proper criteria, SEBI has initiated Enquiry proceedings, under SEBI (Intermediaries) Regulations, 2008 read with SEBI (Stock Brokers and Sub Brokers) Regulations, 1992 ("Brokers Regulations"), in respect of around 300 entities against whom SEBI has information that they were members of NSEL and who have applied / registered with SEBI as Trading Member / Clearing Member (hereinafter referred to as "broker") under Brokers Regulations. SEBI has informed that the Proceedings in the matter has to follow due procedure and principles of natural justice such as granting permission for hearing, inspection of documents etc. and that there is no deliberate delay/deferment in the matter.
