GOVERNMENT OF INDIA
MINISTRY OF CORPORATE AFFAIRS

LOK SABHA
UNSTARRED QUESTION NO. 4709
ANSWERED ON MONDAY THE 23rd MARCH, 2020
CHAITRA 3, 1942 (SAKA)

ILLEGAL MONEY POOLING SCHEMES

QUESTION

4709. Dr. SHASHI THAROOR:

Will the Minister of CORPORATE AFFAIRS   कारपोरेट कार्य मंत्री
be pleased to state:

(a)   Whether the Ministry has introduced measures to provide safety to investors
      from illegal money pooling schemes and to clamp down on illicit fund raising
      activities:
(b)   If so, the details thereof and if not, the reasons therefor;
(c)   The details of amendments made to the Companies(Incorporation) Rules, 2014
      and Investor Education and Protection Fund (IEPF) Authority (Accounting, Audit,
      Transfer and Refund) Rules, 2016 for transparency in approving the names for
      companies and protection of the interests of investors;
(d)   Whether the Ministry is about to integrate Artificial Intelligence into operations
      of its e-governance service MCA-21; and
(e)   If so, the details thereof and if not, the reasons therefor?

ANSWER

THE MINISTER OF STATE FOR FINANCE
AND CORPORATE AFFAIRS   (SHRI ANURAG SINGH THAKUR)
वित्त एवं कारपोरेट कार्य मंत्रालय में राज्य मंत्री   (श्री अनुराग सिंह ठाकुर)

(a)& (b): Investor Education and Protection Fund (IEPF Authority) has been set up
under Section 125 of the Companies Act, 2013 with the objective of promoting investor
education, awareness, protection and to make refund of claim to the investors. The
IEPF Authority organizes Investor Awareness Programmes (IAPs) through the
Professional Institutes and CSC e-Governance Services India Limited, with the
objective of creating awareness amongst the Investors as a part of its mandate. Apart
from this, awareness creating messages are disseminated from time to time through
print and electronic media. Details of IAPs conducted during the last 3 years is as
under:-

Financial Year	By Professional Institutes	By CSC e-Governance	Total
2016-17	1096	1075	2171
2017-18	357	5519	5876
2018-19	796	26843	27639
2019 - 20	101	11624	11725
Total	2350	45061	47411

Besides, the IEPF Authority has also entered into Memorandum of Understanding with various organisations like India Post Payment Bank, Nehru Yuva Kendra Sangathan and various Banks with the objective of creating awareness among the investors. Section 125(3)(c) of the Companies Act 2013 provides for distribution of any disgorged amount among eligible and identifiable applicants for shares or debentures, shareholders, debenture-holders or depositors who have suffered losses due to wrong actions by any person, in accordance with the orders made by the Court which had ordered disgorgement. Further section 125 (3)(d) also provides for reimbursement of legal expenses incurred in pursuing class action suits under sections 37 and 245 by members, debenture holders or depositors as may be sanctioned by the National Company Law Tribunal.

(c): Companies (Incorporation) Rules, 2014 have been amended vide GSR No. 357(E) dated 10.05.2019 to bring more clarity to the rules related to name availability by inclusion of illustrations in the rules, providing a clear test to determine as to whether the applied name resembles too nearly with the name of an existing company and bringing more clarity in the rule related to general names / descriptive names and trademark applicability with the help of many illustrations that have been given to explain the different scenarios. Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules 2016 have been amended vide GSR No. 571(E) dated 14.08.2019 to simplify the process of refund of claims filed with the IEPF Authority. The amended rules provide for authentication of identity of claimant through online verification of PAN, e-verification of claim by the Nodal Officer of the Company and online processing of claim by the IEPF Authority.

(d)& (e): Currently Version 2 of the MCA 21 system is operational. MCA 21 Version 3 envisages various areas such as Helpdesk Solutions, e-Consultation Module, Security and Threat Management for utilizing the capabilities of Artificial Intelligence and Machine Learning.

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