

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF FINANCIAL SERVICES

**LOK SABHA**

**UNSTARRED QUESTION NO. 3615**

ANSWERED ON MONDAY, 8<sup>th</sup> AUGUST, 2022/ SRAVANA 17, 1943 (SAKA)

**PONZI SCHEMES**

**3615:**

**SHRI RAJA AMARESHWARA NAIK:**

**SHRI BHOLA SINGH:**

**DR. SUKANTA MAJUMDAR:**

**SHRI VINOD KUMAR SONKAR:**

**SHRI RAJVEER SINGH (RAJU BHAIYA):**

Will the Minister of FINANCE be pleased to state:

- (a) whether a number of Ponzi Schemes floated by firms/companies/individuals in different parts of the country and duping common people have come to the notice of the Government;
- (b) if so, the details of such Ponzi firms/companies/individuals identified by the Government during each of the last three years and the current year, State/UT-wise;
- (c) whether the Economic Offences Wing has busted some rackets of Ponzi Scheme to dupe around millions of people in the country recently and if so, the details thereof;
- (d) whether the Government has made any arrest in this regard and if so, the details thereof;
- (e) whether the Reserve Bank of India and Securities and Exchange Board of India propose to make laws/rules for accepting deposits or investment more stringent to counter Ponzi Schemes in near future; and
- (f) if so, the details thereof along with the other steps taken/being taken by the Government to put a check on such Ponzi Schemes and save millions of people?

**ANSWER**

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE

**(DR. BHAGWAT KARAD)**

**(a) to (d):** Government and enforcement agencies have taken action against those running unauthorised schemes. As per information received from enforcement agencies and regulatory bodies, following are the details:

- **Central Bureau of Investigation (CBI):** CBI has registered 100 cases relating to Ponzi Schemes during the years 2019 to 2022 (upto 30.06.2022), involving 132 companies/ firms. 21 persons have been arrested by CBI in this regard.
- **Directorate of Enforcement (ED):** ED has investigated 87 cases related to Ponzi Schemes under the provisions of the Prevention of Money Laundering Act, 2002 (PMLA) during the last 3 years and current year. 8 persons have been arrested by ED in this regard.
- **Serious Fraud Investigation Office (SFIO):** SFIO has informed that it has been assigned investigation by the Ministry of Corporate Affairs (MCA) into the affairs of 9 cases (5 in 2019-20, 1 in 2020-21, and 3 in 2021-22) involving 85 companies (36 in 2019-20, 16 in 2020-21, and 33 in 2021-22) during the last 3 years, which were allegedly engaged in fraudulent Chit Fund/ Multi-Level Marketing (MLM)/ Ponzi activities. No arrest has been made in this regard by SFIO.

- **Reserve Bank of India (RBI):** The Sachet portal of RBI, which is the online platform for State Level Coordination Committees (SLCC) and facilitates the public to lodge complaints of financial frauds, received 1540 complaints related to non-repayment of deposits and money collected for various kinds of Investment Schemes (964 in 2020-21, and 576 in 2021-22).
- **Securities and Exchange Board of India (SEBI):** SEBI has passed final Orders against 29 unregistered Collective Investment Schemes (CIS) entities during the last 4 years (12 in 2018-19, 10 in 2019-20, 5 in 2020-21 and 2 in 2021-22).

**(e) and (f):** In order to tackle the menace of illicit deposit taking schemes which dupe people of their hard earned savings, and to protect the interests of people, the following steps have been taken:

- The Banning of Unregulated Deposit Schemes Act, 2019 has been enacted by the Central Government. The Act contains comprehensive provisions in this regard prohibiting promoting, operating, issuing advertisements or accepting deposits in any Unregulated Deposit Scheme, and provisions 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.
- State Level Coordination Committees (SLCCs), which are joint forums of financial sector regulators, State Government officials and law enforcement agencies to facilitate information sharing and coordinated action against illegal mobilization of funds from the public, were reconstituted in States and Union Territories in April 2014, with the Chief Secretary of the State/ UT as the Chair.
- RBI had launched a public awareness campaign since 2017 to educate the public about various banking issues, including cautionary messages against falling prey to unsolicited and fictitious offers received through emails/ SMSes/ phone calls. RBI alerts the public against such offers through press releases and multimedia messages on TV and online.
- Through RBI's online portal SACHET (<https://sachet.rbi.org.in>), which was initially launched on 04.08.2016, the public is cautioned against fraudulent schemes/ entities. From the portal, members of the public can obtain information regarding entities that are allowed to accept deposits, whether the entity is registered with any regulator, lodge complaints and also share information regarding illegal acceptance of deposits by unscrupulous entities.
- Recognising the need to develop standardized content to meet the requirements of general audience for financial awareness on important banking aspects, RBI has developed Financial Awareness Messages (FAME), with target group specific content for five target groups Viz., entrepreneurs, Self Help Groups(SHFs), farmers, school children, senior citizens. The content inter alia spreads awareness on Ponzi Schemes and Scams among general audience.
- SEBI is empowered to regulate Collective Investment Schemes (CIS) under Section 11AA of the SEBI Act, 1992. Further, since investors invest in various Mutual Fund schemes, which in turn invest in securities of various companies, SEBI's Mutual Fund Regulation, 1996 specifies various investment restrictions including single issuer limit, sectoral limit, group exposure limit etc. keeping in view the interest of investors.
- The Ministry of Corporate Affairs (MCA) conducts investor awareness programs to educate the general public to learn from websites of various Ministries the information published regarding the persons involved in the scheme, etc before making any investment.

\*\*\*