

GOVERNMENT OF INDIA

MINISTRY OF CORPORATE AFFAIRS

RAJYA SABHA

UNSTARRED QUESTION NO. 2757

ANSWERED ON TUESDAY, THE 20TH MARCH, 2018

LAW TO BAN UNREGULATED DEPOSIT SCHEMES

QUESTION

2757. SHRIMATI WANSUK SYIEM:

Will the Minister of CORPORATE AFFAIRS be pleased to state:

- (a) whether Government has drafted a new law to ban unregulated deposits schemes to prevent duping of gullible investors through ponzi schemes;
- (b) whether with so many amendments/new legislations enacted earlier, the field is still open for fly-by-night operators who still operate with impunity in amassing deposits from the unwary public; and
- (c) the present status of direct marketing companies who promote/sell their own products through highly placed social club members in their individual capacity?

ANSWER

THE MINISTER OF STATE FOR LAW AND JUSTICE (SHRI P. P. CHAUDHARY)

AND CORPORATE AFFAIRS

(a) to (b):- The Department of Financial Services in the Ministry of Finance has stated that the Banning of Unregulated Deposit Schemes Bill, 2018 was listed for introduction in the Revised List of Business for the Lok Sabha for 16th March, 2018, but the House was adjourned till 19th March, 2018 before the Bill could be taken up for introduction. The Bill, it has been stated, is aimed at tackling the menace of illicit deposit taking activities in the country through:

- (i) complete prohibition of unregulated deposit taking activity;
- (ii) deterrent punishment for promoting or operating an unregulated deposit taking scheme;
- (iii) stringent punishment for fraudulent default in repayment to depositors;

(iv) designation of a Competent Authority by the State Government to ensure repayment of deposits in the event of default by a deposit taking establishment including through attachment of assets of the defaulting establishment;

(v) designation of Courts to oversee repayment of depositors and to try offences under the Act.

(c):- The Department of Consumer Affairs (DCA) in the Ministry of Consumer Affairs, Food and Public Distribution has stated that they have issued guidelines on direct selling vide Notification dated 26.10.2016 wherein the Direct Selling Entities are required to execute a contract agreement with direct sellers before enrolment. DCA has further informed that they have no data/information in respect of direct marketing companies who promote/sell their own products through highly placed social club members in their individual capacity.
