

**PRESS INFORMATION BUREAU
GOVERNMENT OF INDIA**

**VARIOUS CENTRAL GOVERNMENT AGENCIES TAKES ACTION AGAINST ALLEGED
ILLEGAL RAISING OF FUNDS BY SOME CHIT FUND COMPANIES IN WEST BENGAL
AND THE EASTERN REGION**

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Media reports in the past few days have highlighted concerns regarding alleged illegal raising of deposits, especially in rural and semi-urban areas, in Eastern India and duping of the gullible public. Promoters of such companies are allegedly siphoning the monies collected and are using a sales network comprising local persons who are offered hefty commissions, in a manner similar to Ponzi schemes.

The matter is under examination by Securities and Exchange Board of India (SEBI), Ministry of Corporate Affairs (MCA) and Reserve Bank of India (RBI). SEBI has initiated action against several companies which have come to its notice for violation of one or more of its regulations. In over 59 cases in the eastern region, SEBI has initiated prosecution cases in Collective Investment Schemes (CIS) related matters in various courts.

The Department of Financial Services (DFS), Ministry of Finance had also written to all the Chief Secretaries of State Governments in July 2012 requesting the State Governments to strengthen the coordination mechanism between their regulatory institutions like the Economic Offences Wing of the State Police and the central agencies such as RBI, SEBI, Registrar of companies, Revenue Department and Enforcement Directorate. The RBI has also been addressed in this regard in Feb 2013 and the matter is currently under examination by them.

MCA has ordered inspection of the books of accounts and other records under the provisions of Sec.209A of the Companies Act, 1956 in respect of 31 companies. In some matters investigation u/s 235 of the Companies Act 1956, to be taken up by Serious Fraud Investigation Office (SFIO), has already been ordered by the MCA in July and November 2012. In the matter of 42 companies, Registrar of Companies, West Bengal has issued notices u/s 234 of the Act calling for information and explanations relating to collection of monies by those companies. These orders have been issued by the MCA primarily to ascertain if these companies are violating the provisions of the Companies Act, 1956 and to decide the future course of action.

In the matter of M/s Saradha Realty India Ltd., in particular, SEBI has passed order dated 23rd April 2013 directing them to wind-up their existing collective investment schemes and refund the money collected under the schemes with returns which are due to the investors as per the terms of offer, within a period of three months from the date of the order, failing which prosecution proceedings would be pursued.

The Income Tax Department has initiated investigation of Saradha Group from the perspective of violation of the Income Tax Act 1961.

Based on information received, inter-alia, from Assam Police, Guwahati, on registration of 4 FIRs against Shri. Sudipta Sen and others for commission of offences u/s 120B, 406, & 420 IPC, the Directorate of Enforcement, Ministry of Finance has on 25th April 2013 registered a case under the provisions of Prevention of Money Laundering Act (PMLA) 2002, against M/s Saradha Realty India Ltd. and others, including Shri Sudipta Sen.
