

**GOVERNMENT OF INDIA
MINISTRY OF CORPORATE AFFAIRS**

**RAJYA SABHA
UNSTARRED QUESTION NO. 1002
ANSWERED ON TUESDAY, THE 3rd MAY, 2016**

**LEGISLATIVE FRAMEWORK FOR REGULATING DEPOSIT TAKING ACTIVITIES
QUESTION**

1002. SHRIMATI WANSUK SYIEM:

Will the Minister of CORPORATE AFFAIRS be pleased to state:

- (a) whether the Government has set out to tackle the menace of ponzi schemes with stiff penal and monetary punishment for offenders by seeking comments from public on a draft law;
- (b) whether the Government had constituted a group of domain experts to identify gaps in the existing regulatory framework for deposit-taking activities;
- (c) whether the group of experts has recommended a slew of measures both legislative and non-legislative; and
- (d) whether apart from deposit taking firms, pyramid marketing companies will also be brought under the new legislation?

ANSWER

THE MINISTER OF CORPORATE AFFAIRS

(SHRI ARUN JAITLEY)

(a) to (c): The Government of India had constituted an Inter-Ministerial Group (IMG) for identifying gaps in the existing regulatory framework for deposit taking activities and to suggest administrative / legislative measures, including formulation of a new law, to cover all relevant aspects of 'Deposit Taking'. IMG has finalized its Report and has suggested enactment of a comprehensive Central Law called the "Banning of Unregulated Deposit Schemes and Protection of Depositors' Interests Bill" (the 'Banning Bill'). Hon'ble Finance Minister, in his Budget Speech, inter alia had also announced to bring in comprehensive Central legislation in 2016-17 to deal with the menace of illicit deposit taking schemes. In pursuance thereof, Government has placed the IMG Report including the proposed 'Banning of Unregulated Deposit Schemes and Protection of Depositors' Interest Bill, 2015' on the website of Department of Financial Services and the copies of the same have also been circulated by the Department to the concerned Departments / Ministries / State Governments / Union Territories as well as all the Regulators for seeking their comments there upon.

(d): The pyramid marketing companies are not defined in the new legislation. However, the Bill defines 'Unregulated Depositi Scheme' and provides for penalty associated with such schemes.
