

PROCEEDINGS OF THE COMPETENT AUTHORITY &
SECRETARY TO GOVERNMENT, UNDER SECTION 7(3) OF
BANNING OF UNREGULATED DEPOSIT SCHEMES
(BUDS)ACT, 2019.

PRESENT: SRI. SANJAY M KAUL IAS

HOME (SC) DEPARTMENT

SC3/30/2024/HOME Dated,Thiruvananthapuram (30-05-2024)

Sub: Home Department-Banning of Unregulated Deposit Schemes Act, 2019 - Provisional attachment of all movable & immovable properties of Self Employers Service Society,Sess Building New Market Road, Kottayam- Orders issued.

- Ref: 1. G.O.(P) No. 69/2020/Home, dated 18/12/2020 published as S.R.O No.887/2020.
2. G.O.(Rt) No. 2959/2020/Home, dated 22/12/2020 published as S.R.O No.894/2020.
3. Letter No.D5-1733/2024/EOW dated 06/04/2024 from the Additional Director General of Police (Crimes).

ORDER

The Additional Director General of Police (Crimes) as per letter read as 3rd paper above furnished report that the Self Employers Service Society, Kottayam registered as per Travancore- Cochi Literary Scientific and Charitable Societies Registration Act 1955 accepted huge deposits and issued loans to the public and members even after the enactment of BUDS Act.

It is reported that the Society accepts Fixed Deposits, Cumulative Deposits & Recurring Deposits without any valid licence and collected huge amount (Rs. 1656 Lakhs) from members and issued loans (9 Crores 97 Lakhs Rupees). These activities of the society come under the purview of unregulated deposits defined in BUDS Act.

The findings against the Society is enumerated below:

'SESS' is a society registered as per 'Travancore-Cochin Literary

Scientific and Charitable Societies Registration Act 1955', before the District Registrar Kottayam, and functioning since 1997. For streamlining their activities, a bye law was also formulated. While so, one Somarajan a member of 'SESS' submitted a petition stating that 'SESS' is accepting Deposits, from public and thereby functioning against the provisions of BUDS Act. His objection in this regard was turned down by the office bearers of the 'SESS' stating that 'SESS' is accepting deposits only from its members and is functioning as a Self-Help Group. The 'Income & Expenditure Account for the year ended 31.03.2023' prepared in connection with the submission of periodical return clearly shows that 'SESS' is accepting 'FIXED DEPOSIT', 'CUMULATIVE DEPOSIT', & 'RECURRING DEPOSIT'. The entire return shows large scale financial transactions amounting to crores of rupees. The said deposits are alleged to have been accepted under the pretence of Self-Help Group. In this context, it is to be noted that self-help groups (SHGs) are informal groups that are not required to, be registered under any Societies Act, or as a partnership firm. SHGs are made up of people who voluntarily come together to save money, contribute to a common fund, and lend to members for their needs. SHGs can also work as collective guarantee system for members who want to borrow from organized sources. The National Bank for Agricultural and Rural Development (NABARD) has a program called SHG bank linkage, which allows SHGs to borrow funds from banks after they have accumulated their own capital.

The annual report of 'SESS' reveal that they have more than 2000 members and have a collective deposit to the tune of Rs. 1656 Lakhs. It further discloses that they had already disbursed nine crores ninety-seven lakh rupees as loan. All these are beyond the scope of Self-Help Group. The byelaw of the 'SESS' does not have any specific clause for the formation of SHGs for large scale money transaction. Accepting 'Fixed Deposit' from members or public cannot be considered as periodic payment made by members of self-help group operating within such ceilings as prescribed by Government (***Ceiling for self-help groups.- Where periodic payments or any amount made by the members of self help groups operating with ceiling, the ceiling per transaction of member of self help groups for deposit shall be Rs.7,00,000/- (Rupees Seven Lakhs Only) per annum.***)

The nature of acceptance of deposits by 'SESS' are found not regulated by the any of the Regulatory authorities listed in the schedule annexed to BUDS Act and as such it comes within the purview of unregulated deposit. Whereas provisions of BUDS Act, 2019 are invoked in the case,

Now, therefore in exercise of powers conferred under section 7(3) of BUDS Act, 2019, I, Sanjay M Kaul IAS, Competent Authority, hereby order the provisional attachment of all movable/immovable properties and all other deposits held by the Deposit Taker and the money or other property acquired either in the name of the deposit taker or in the name of any other person on behalf of the deposit taker shall be provisionally attached in exercise of powers conferred under section 7(3) of Banning of Unregulated Deposit Schemes Act, 2019.

The Inspector General of Registration Department is hereby directed to freeze the sale/mortgage or any other transaction involving immovable properties of the firm and the Deposit Taker. The Transport Commissioner, Motor Vehicles Department is directed to seize all vehicles owned by the firm, deposit taker, its partners or allied firms and to take necessary steps to prohibit the transfer of registration of vehicles and to report to the respective District Collectors.

The Lead Bank Managers of all districts, Registrar of Co - operative Societies, General Managers of KSFE, District Managers of KFC and all other financial institutions are directed to take necessary steps to freeze all the accounts of the financial institution and its allied firms. Police Authorities shall identify the accounts of the firm and the deposit takers and take action to freeze the accounts by intimating the provisional attachment orders to the respective Banks where the accounts are maintained. The Police shall also report the details of the accused to the District Collectors for provisionally attaching the properties within the stipulated time limit.

The District Collectors appointed as officers to assist the Competent Authority under section 7(2) of BUDS Act are directed to file application with particulars of the attachment effected before the Designated Courts constituted as per reference 2nd cited. This is for

making the provisional attachment absolute and for permission to sell the property so attached by public auction or, if necessary, by private sale according to section 14 of Banning of Unregulated Deposit Schemes Act, 2019.

(Sd.)

SANJAY M KAUL

Forwarded/By order

Section Officer.

To:

Self Employers Service Society, Reg No.705/97, SESS Building,
New Market Road, Kottayam 686001.

The State Police Chief

All District Collectors

The Additional Director General of Police (Crimes)

The Inspector General of Police (EOW), PHQ

All District Police Chiefs

Deputy Superintendent of Police, EOW(C/B), Kottayam & Idukki.

The Inspector General of Registration Department

The Transport Commissioner

Registrar of Co-operative Societies

General Managers of KSFE/District Managers of KFC/All Banks
etc (through the District Collectors)

The Finance/ Law/Revenue/Taxes Departments

I & PR (Web & New Media) Department.

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