

**PRESS INFORMATION BUREAU
GOVERNMENT OF INDIA**

Meeting held under the Chairmanship of Secretary, DEA today to review the action taken and progress made on the Recommendations made by the Special Team of Secretaries (STS) to ensure that there is no systemic impact of Payment And Settlement crisis of National Spot Exchange Ltd. (NSEL) Developments of August-September, 2013

New Delhi, February 11, 2016
Magha 22, 1937

In August-September, 2013, a payment and settlement crisis to the tune of Rs. 5574 crore emerged in the National Spot Exchange Ltd. (NSEL). Out of this outstanding amount, NSEL could distribute only Rs. 304.50 crore upto 10th September, 2013.

The Government of India had appointed a Special Team of Secretaries (STS) on 26th August, 2013 to examine the violation of laws and regulations by NSEL/any associated companies/ any of the participants and also to suggest measures that could be taken to ensure that there is no systemic impact of NSEL developments. The Committee submitted its Report on 23.09.2013. Issues highlighted in the Report are being investigated by the concerned agencies/Departments, the progress of which is regularly monitored through meetings under the chairmanship of Secretary, Department of Economic Affairs (DEA), Ministry of Finance. So far, ten such meetings have taken place. The last such Review Meeting was held today (11.02.2016) under the Chairmanship of Shri Shaktikanta Das, Secretary, Department of Economic Affairs.

The latest status with regard to some of the important aspects of the case is as under:--

- The Economic Offence Wing of Mumbai Police has secured property worth Rs. 6375 crore under the Maharashtra Protection of Interest of Depositors Act (MPIDA), out of which, attachment of properties worth Rs. 5357 crore has been notified in the Gazette of the Government of Maharashtra. High Court of Mumbai has upheld the applicability of provisions of MPID Act to this case in a writ petition. EoW has so far arrested 30 persons and issued Look Out Notices for 65 persons. The investigation is underway. The process of auctioning properties has started with two such properties being auctioned on 15.03.2016.
- The Ministry of Corporate Affairs (MoCA) is working on the merger/amalgamation of NSEL with Financial Technologies (India) Limited. Bombay High Court has granted MoCA an extension of time up to 15.02.2016 for taking final view on the draft order of the amalgamation.
- The Enforcement Directorate has carried-out 24 search and 10 survey operations under the provisions of Prevention of Money Laundering Act, 2002 (PMLA) and filed prosecution complaint before the Special PMLA Court, Mumbai on 30.03.2015 against NSEL and 67 other accused persons under the PMLA, 2002.

- The Finance Intelligence Unit (FIU) of India passed an Order on 04.11.15 under Section 13 of the PMLA imposing a penalty of Rs. 1.66 crores on the NSEL for non-compliance of the Act.
- The Central Bureau of Investigation (CBI) is enquiring into the conduct of the Government officials including that of two public sector undertakings with a view to ascertain inter alia whether they were in any way involved in abetting the NSEL payment crisis.

During the meeting today, the Government of Maharashtra was advised to take immediate action for (i) auctioning the properties which do not have any encumbrance/have approval of the Court; (ii) actively pursue with the MPID court to obtain early orders for auctioning of the remaining attached properties; (iii) to appoint a Senior Advocate for this purpose; and (iv) to have the progress of the cases reviewed by the Home Secretary, Government of Maharashtra on fortnightly basis.

Ministry of Corporate Affairs (MoCA) was advised to decide on the draft order of the merger within the stipulated time i.e., by 15th February, 2016. Besides, as directed by the Madras High Court, the Company Law Board (CLB) may be moved to decide the case relating to FTIL by 11.03.2016. MoCA has decided to file an SLP in the Supreme Court against the decision of Madras High Court. They were requested to expedite the same. Securities and Exchange Board of India (SEBI) was advised to examine and take the necessary action against defaulting brokers as per law.
