


Ministry of Finance
Department of Economic Affairs
(Financial Markets Division)

Update on Payment Crisis in NSEL

The Government of India has been monitoring the action taken by investigating and enforcement agencies and regulatory authorities for violations of law, criminal offences and default in payments to investors arising from the payment crisis at National Spot Exchange Ltd. (NSEL). Investigations and other enforcement measures are being taken by the Economic Offences Wing (EOW), Mumbai Police, Enforcement Directorate (ED), Securities and Exchange Board of India (SEBI), Financial Intelligence Unit-India (FIU-IND), Income Tax Department (ITD / CBDT), Ministry of Corporate Affairs (MCA) and Central Bureau of Investigations (CBI).

It is hereby clarified under Section 4 (1)(b) of the RTI Act that complete status of above investigations and enforcement actions are not open to the public. for the reasons mentioned below:

- a) The status of such monitoring is protected under Sec.8 of the RTI Act for the reason that the matter is under investigation by various agencies like CBI, FIU- India, Enforcement Directorate, SEBI, EOW Mumbai Police, CBDT, MCA and SFIO and also under litigation in various courts of law. The relevant files are also in the custody of these investigation agencies. Decision on non- disclosure of this information has been arrived at in consultations with the investigation agencies involved in the matter.
- b) The monitoring status generally consists of sensitive information relating to the progress of investigations being carried out by various investigative agencies or hindrances faced by them and various decisions to proceed further. Once revealed, the same is bound to hamper the path of investigation and leak out the investigation strategy.
- c) Disclosure of information while investigations are still under way, jeopardizes the course of investigation and thereby could help the



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offenders to find escape routes, create hurdles and forestall the moves of investigative agencies, thus hampering the very public interest.

Status of Investigation and Disgorgement

We are, however, proactively placing information relating to non-protected matters. The status with regard to some of such important aspects of the matter are as under:

- In this case, 65 payouts were made by NSEL to investors through their respective brokers under the supervision of erstwhile Forward Markets Commission. A total of Rs.527.19 crore was distributed in 2013-14. The entire outstanding amount was paid to 608 investors whose investment was less than Rs.2 lakhs. Further, 50% of the outstanding amount was paid to 6445 investors whose investment was between Rs.2 lakhs and 10 lakhs. Furthermore, 5682 investors whose outstanding was more than Rs.10 lakhs were paid 6.5% of outstanding amount.
- Provisions of Maharashtra Protection of Interest of Depositors (MPID) Act, 1999 were applied to the case in October 2013. The Hon'ble Bombay High Court, vide its order dated October 01, 2015 in Writ Petition No. 1403 of 2015, prima facie, held that provision of the MPID Act was applicable to the scheme run by NSEL. The SLP filed by NSEL in this regard was rejected by the Hon'ble Supreme Court of India in October 2016.
- Vide order dated 2nd September 2014, Hon'ble High Court constituted a three-member Committee headed by a retired judge in the recovery suite No. 173/2014 in M/s Modern India Ltd. Vs FTIL & Others for effecting recovery from FTIL and NSEL.
- Pursuant to the verdict, Government, vide Notification dated 19th September 2014 rescinded the Exemption Notification dated 5th June 2007 vide which NSEL /spot exchange was brought into existence.
- The Government of Maharashtra has constituted exclusive court for NSEL case and the Designated MPID Court is hearing this case on priority basis.
- The Government of Maharashtra has constituted a Special Task Force for


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dealing with the task of monitoring the progress of the case and preparation of action plan for the repayment of investors.

- The Government of Maharashtra has appointed an exclusive Competent Authority for the case of NSEL on full time basis on 4.7.2017 for effecting repayments to the investors by selling the attached properties of defaulters after the attachments are made absolute by the Designated MPID Court. Efforts are afoot to make the attachment of properties absolute and realize money on fast-track basis.
- Consequent upon MPID court order dated 16/10/18, another pay out of Rs.35.43 crores was made by the Competent Authority, covering around 12,119 depositors, on proportionate basis to the affected investors through brokers after obtaining the requisite undertaking from them that they would make repayments to the investors and report compliance.
- Union of India requested Government of Maharashtra on 20/8/2018 for making preferential payment to investors with outstanding amounts between Rs 2 lakhs and Rs 10 lakhs for which Competent Authority took up the matter in MPID court. Though the MPID court had rejected the plea, Hon'ble Supreme finally approved the preferential payment to investors on 8/3/2021. Rs. 154.87 Crores are deposited in the accounts of 6304 depositors till March 31, 2025. in this bracket.
- Vide order dated 13/10/2022, MPID Special Court directed the Competent Authority to make graded distribution from the available amount to individual traders who have outstanding amounts between Rs. 10 Lakh and Rs. 20 Lakh.
- As per the Hon'ble Special MPID Court order dated 13/10/2022, the data verification process for 2233 investors whose outstanding amount falls within the range of Rs. 10 lakhs to Rs. 20 lakhs is being carried out & 30% amount is being distributed & credited into the accounts of eligible investors. Rs 53.45 Crores are deposited in the accounts of 1390 individual depositors in this bracket.
- Besides, all other agencies viz. Serious Fraud Investigation Office (SFIO), Central Bureau of Investigation (CBI), Securities and Exchange Board of


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India (SEBI), Ministry of Corporate Affairs (MCA) Enforcement Directorate (ED), Economic Offences Wing (EoW) of Government of Maharashtra Income Tax Department and Financial Intelligence Unit-Ind (FIU) are probing the matter within their respective domains for taking action against the guilty.

- Provisions of Prevention of Money Laundering Act (PMLA), 2002 have been amended to enable the repayment to defrauded investors and the rules to this effect have already been notified by the Department of Revenue on 11.01.2019.
- Hon'ble Supreme Court vide its order dated 23 July 2020 has dismissed the review petition filed by Ministry of Corporate Affairs (MCA) for merging NSEL with FTIL on the grounds of delay of 374 days as well as on merits. However, in pursuance to another verdict of National Company Law Appellate Tribunal (NCLAT), MCA has nominated on 16 March 2020, three directors to the FTIL's (63 Moons Technologies Ltd.) board and the Director Identification Numbers of three erstwhile directors stands deactivated. On appeal by the FTIL and the three disqualified directors, Hon'ble Supreme Court vide interim order dated 09.03.2022, partly stayed qua the appointment of government nominee directors and disqualification of two disqualified directors.
- Bombay High Court vide Order dated 22 August 2019 in Writ petition (Civil) no.1181 of 2018 between 63 Moons (FTIL) and State of Maharashtra stated that NSEL is not a "Financial Establishment" and the paired contract scheme is not coming under the definition of "deposits" under MPID Act. Supreme Court's vide its judgement dated April 22, 2022 in Civil Appeal Nos. 2748-49 of 2022 along with Civil Appeal Nos. 2750-51 of 2022, wherein the judgment dated 22 August 2019 of the Bombay High Court was challenged, has upheld the Maharashtra government's order to attach the assets of 63 moons technologies under the Maharashtra Protection of Interest of Depositors (MPID) Act in National Spot Exchange Ltd (NSEL) payment default case. Thus, the Supreme Court has allowed the Maharashtra government's appeal against


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the Bombay High Court's direction to free the attachment of assets of 63 moons technologies. The Supreme Court inter-alia held that the acceptance of funds & commodities by NSEL are 'deposit' within the ambit of the MPID Act, making NSEL as 'financial establishment' within the said Act;

- Supreme Court vide order dated 04-05-2022, in WP (Civil) No.(s) 995 of 2019 filed by NSEL for transfer of assets attached by ED and EOW to them so that the High Court Committee, funded by NSEL can monitor the reimbursement, exercising its powers under Article 142 of the Constitution of India, with the objective of attaining a holistic solution for speedy recovery of the outstanding amounts to be distributed to be investors, with the consent of the parties, constituted a high powered Single Member committee ("Supreme Court Committee") led by Hon'ble Justice Pradeep Nandrajog, retired Chief Justice of the Bombay High Court, to execute awards and decrees against the defaulters in Rs 5,600 crore NSEL payment crisis. Both Govt. of Maharashtra and ED would assist the Committee in all manners and the Committee will have the power to seek information from any one and run its affairs as expeditiously as possible.

Matter uploaded with reference to the CIC's Orders Nos.CIC/DOEAF/A/2018/164195-BJ-INTERIM dated 26.12.2018 and CIC/DOEAF/A/2018/164199-BJ- Final dated 8.2.2019 passed with reference to the appeal made by Shri Nithyaesh Natraj on his RTIs.

As on ~~22nd~~ August, 2025


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