

**SIXTIETH REPORT  
COMMITTEE ON PETITIONS  
(SEVENTEENTH LOK SABHA)**

**MINISTRY OF FINANCE  
(DEPARTMENT OF ECONOMIC AFFAIRS)**

**AND**

**MINISTRY OF CORPORATE AFFAIRS**

**(Presented to Lok Sabha on 19.12.2023)**



**LOK SABHA SECRETARIAT  
NEW DELHI**

***December 2023/Agrahayana, 1945 (Saka)***

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## CONTENTS

	PAGE
COMPOSITION OF THE COMMITTEE ON PETITIONS .....	(ii)
INTRODUCTION.....	(iii)

### REPORT

Action Taken by the Government on the recommendations made by the Committee on Petitions (Seventeenth Lok Sabha) in their Fiftieth Report on the representation of Shri Gourav Kumar Soni and others, alleging Securities and Exchange Board of India's (SEBI) high-handedness in refunding the money to the investors of PACL Limited.	1
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### ANNEXURE

Minutes of the 30 <sup>th</sup> sitting of the Committee on Petitions held on 18.12.2023.	26
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## COMPOSITION OF THE COMMITTEE ON PETITIONS

Shri Harish Dwivedi - *Chairperson*

### MEMBERS

2. Shri Anto Antony
3. Shri Hanuman Beniwal \*
4. Prof. Sanjay Sadashivrao Mandlik
5. Shri P. Ravindhranath
6. Dr. Jayanta Kumar Roy
7. Shri Brijendra Singh
8. Shri Sunil Kumar Singh
9. Shri Sushil Kumar Singh
10. Shri Manoj Kumar Tiwari
11. Shri Prabhubhai Nagarbhai Vasava
12. Shri Rajan Baburao Vichare
13. Shri Bharat Ram Margani
14. Vacant
15. Vacant

### SECRETARIAT

- |                         |   |                   |
|-------------------------|---|-------------------|
| 1. Shri Raju Srivastava | - | Joint Secretary   |
| 2. Shri Tenzin Gyaltzen | - | Deputy Secretary  |
| 3. Shri Vivek Saini     | - | Executive Officer |

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\* *Resigned his Lok Sabha seat w.e.f. 15.12.2023.*

**SIXTIETH REPORT OF THE COMMITTEE ON PETITIONS  
(SEVENTEENTH LOK SABHA)**

**INTRODUCTION**

I, the Chairperson, Committee on Petitions, having been authorised by the Committee to present on their behalf, this Sixtieth Report (Seventeenth Lok Sabha) of the Committee to the House on the Action Taken by the Government on the recommendations made by the Committee on Petitions (Seventeenth Lok Sabha) in their Fiftieth Report on the representation of Shri Gourav Kumar Soni and others, alleging Securities and Exchange Board of India's (SEBI) high-handedness in refunding the money to the investors of PACL Limited.

2. The Committee considered and adopted the draft Sixtieth Report at their sitting held on 18 December, 2023.

3. The observations/recommendations of the Committee on the above matters have been included in the Report.

**NEW DELHI;**

**HARISH DWIVEDI**  
*Chairperson,*  
*Committee on Petitions*

**18 December, 2023**

**27 Agrahayana, 1945 (Saka)**

## REPORT

**ACTION TAKEN BY THE GOVERNMENT ON THE RECOMMENDATIONS MADE BY THE COMMITTEE ON PETITIONS (SEVENTEENTH LOK SABHA) IN THEIR FIFTIETH REPORT ON THE REPRESENTATION OF SHRI GOURAV KUMAR SONI AND OTHERS, ALLEGING SECURITIES AND EXCHANGE BOARD OF INDIA'S (SEBI) HIGH-HANDEDNESS IN REFUNDING THE MONEY TO THE INVESTORS OF PACL LIMITED.**

The Committee on Petitions (Seventeenth Lok Sabha) presented their Fiftieth Report to Lok Sabha on 9 August, 2023 on the representation of Shri Gourav Kumar Soni and others, alleging Securities and Exchange Board of India's (SEBI) high-handedness in refunding the money to the investors of PACL Limited.

2. The Committee had made certain observations/recommendations in the matter and the Ministry of Finance (Department of Economic Affairs) and the Ministry of Corporate Affairs were asked to implement the recommendations and requested to furnish their action taken notes thereon for further consideration of the Committee.

3. Action Taken Notes have since been received from the Ministry of Finance (Department of Economic Affairs) in respect of all the observations/recommendations contained in the aforesaid Report. However, the Action Taken Notes have not been received from the Ministry of Corporate Affairs. The observations/recommendations made by the Committee and the replies furnished thereto by the Ministry of Finance (Department of Economic Affairs) are detailed in the succeeding paragraphs.

4. In paragraphs 13, 14, 15, 16, 17 and 18 of the Report, the Committee had observed/ recommended as follows:-

### *"Expediting the process of refund to the investors of PACL Limited*

*The Committee, while examining the representations of Shri Gourav Kumar Soni, Investors and various other Individuals alleging Securities & Exchange Board of India's (SEBI) slackness in refunding the money to investors of PACL Limited in the light of the comments received from the Ministry of Corporate Affairs and the*

Ministry of Finance (Department of Economic Affairs), note that the Supreme Court of India vide its order dated 02.02.2016 in the matter of C.A. No.13301 of 2015 titled Subrata Bhattacharya vs. SEBI and other connected matters had directed the Securities and Exchange Board of India (SEBI) to constitute a Committee under the Chairmanship of Justice (Retd.) R. M. Lodha for disposing of the properties of PACL Limited, so that the sale proceeds could be paid to the investors. Accordingly, the SEBI had constituted a Committee under the Chairmanship of Justice (Retd.) R. M. Lodha, which in furtherance of its mandate, initiated the process of refund to the investors of PACL Limited in the year 2018 with the monies so far realised by it.

As regards the process being followed for refund to the investors of PACL Limited, the Committee note from the submissions made by the Ministry of Finance (Department of Economic Affairs) that considering the large number of investors involved and they being spread across entire India, the investors were requested to file their claim applications by uploading on online portal and the window for submitting claim applications is invariably kept open for three months. In this connection, the Committee further note that certain details, viz., Name of the investor as per PACL Certificate, Amount claimed (in Rupees), Claimant's mobile number, PACL Scheme Payment Registration Number, Scanned copy of PACL Certificate, Aadhaar/PAN Number, latest Bank Statement showing Bank Account Number and IFSC code, Information regarding whether land has been allotted to the claimant investor by the PACL, etc., are sought in the claim application to verify and ensure that the money is paid to the genuine investor. The Committee also note that upon closing of receipt of claim applications, the applications as received are verified and the claimant investor(s) whose claims are found to be deficient, are given an opportunity to rectify the deficiency so that the same can again be processed. The entire process is being done through online portal.

From the submissions made by the Ministry of Finance (Department of Economic Affairs), the Committee note that after the conclusion of verification process, refunds are credited directly to the bank accounts of the investors, as provided by them in their claim applications, by way of electronic transfer; and after effecting the payment to the investors, they are intimated of the same by way of SMS. The payments are made to the investors in tranches in view of the available corpus.

As regards the status of refund, based on the information furnished by the Ministry of Finance (Department of Economic Affairs)/SEBI, the Committee take note of the fact that during the first stage of refund exercise, the Justice (Retd.) R.M. Lodha Committee invited claims from such investors whose total outstanding amount (Principal) with the PACL Limited was upto Rs.2,500/- and the window for submitting claim applications was kept open for three months from 2 January, 2018 to 31 March, 2018. After verification of claims, the Committee paid Rs.18.15 crore in respect of 1,89,103 claim applications. The Committee further note that in the second refund exercise, Justice (Retd.) R. M. Lodha Committee invited claim applications from all the investors of PACL Limited and the window was initially opened for around three months from 8 February, 2019 to 30 April, 2019; which was later extended till 31 July, 2019 so that the investors get enough time to make their claims. The second refund exercise also provided opportunity to such investors who could not file their claims in the earlier refund exercise held in the year 2018. The Committee, in this regard, further note that approximately 1.50 crore refund claim applications had been received by 31 July, 2019. However, Justice (Retd.) R.M. Lodha Committee decided to make phase-wise and claim amount-wise payment to the investors after considering the funds available with their Committee.

During the briefing meeting held on 16 March, 2021 with the representatives of the Ministry of Finance (Department of Economic Affairs), Ministry of Corporate Affairs and the Chairman, SEBI, the Committee were informed that at that point of time, a total corpus of Rs. 630.90 crore was available with the Justice (Retd.) R. M. Lodha Committee and with that, the investors having claim amount up to Rs 10,000 to Rs. 12,000 could be paid. However, the Committee, at this juncture, are not in a position to gauge the exact financial situation of the fund available with the said Committee due to lack of relevant information. Notwithstanding the above, the Committee find it unsatisfactory that as on issuance of Public Notice dated 8.9.2020 on the status of refund effected to the investors of PACL Limited, payment of only Rs. 429.13 crore was effected in respect of a meager 1,89,103 claim applications which also included payment of Rs. 18.15 crore and Rs 1.91 crore in respect of 5682 re-submitted/rectified applications. Although, till February, 2021, the Committee had effected refund to 12,58,031 eligible applications, having claim amount upto Rs. 10,000/-, aggregating to Rs. 432.69 crore.



The Committee are constrained to note that even after a lapse of three years (from January, 2018 till February, 2021), only around 12.58 lakh eligible refund claim applications aggregating to Rs. 432.69 crore, have been settled whereas, the total number of the investors of PACL Limited is approximately 5.85 crore as informed by the Ministry of Finance (Department of Economic Affairs)/SEBI, which makes it evident that the process of refund is going on at a slow pace. The Committee, therefore, recommend the Ministry of Finance (Department of Economic Affairs)/SEBI to take all appropriate and necessary efforts to adopt an appropriate methodology in order to expedite the process of refund and settlement in respect to claims of investors of PACL Limited. In this connection, the Committee further urge that the Ministry of Finance (Department of Economic Affairs)/SEBI should invite all the stakeholders for discussing on making the existing online refund portal more user friendly while regularly updating all the relevant data/information which are needed to be hosted on the web portal. On one hand, it would enable the disbursal of refund against the legitimate claims of the genuine investors more effective and quick and on the other hand, the investors of PACL Limited can be kept informed of the updated status on the refund process as well of the upcoming developments related thereto."

5. The Ministry of Finance (Department of Economic Affairs), in their action taken reply, have submitted as follows:-

"It is stated that refund made by the Justice (Retd.) R M Lodha Committee in the matter of PACL Limited ('the Committee') is commensurate with funds available with the Committee.

As of 12.09.2023, the Committee has effected refunds in respect of 19,67,386 eligible applications having outstanding (principal) amount up to Rs. 17,000/-, amounting to a total of Rs. 923.82 crore.

<b>Refund Exercise/ period for collection of claim application</b>	<b>Applications called from investors</b>	<b>Refund Paid in respect of No of claim applications</b>	<b>Amount (in Rs. crore)</b>
Refund (First Process) From 02.01.2018 till 03.03.2018	Having claim amount upto Rs. 2500/-	1,89,103 having claim amount upto Rs. 2500/-	18.16
Refund (Second Process) From 08.02.2019 till 31.07.2019	Having any outstanding claim amount	17,78,283 having claim amount upto Rs. 17,000/-	905.66

	<b>Total</b>	<b>19,67,386</b>	<b>923.82</b>
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*Time and again the Committee has received representations/inputs pertaining to the refund portal/refund process and rectification of deficiencies from investors and wherever feasible, facility based on inputs of investors has been made available on portal. For instance investors have been provided with the facility to check the status of their applications and update their mobile numbers. The Committee has also provided facility to the investors to rectify their claim applications on online portal.*

*It is further submitted that Refund Web Portal, i.e., [www.sebipaclrefund.co.in](http://www.sebipaclrefund.co.in) is user friendly and the investors can easily update all the relevant data/information and rectify their claim applications. Further, no technical glitches have been reported in Refund Web Portal.*

6. In paragraph 19 of the Report, the Committee had observed/recommended as follows:-

*"Hassle-free online process for inviting/submission of claim application, verification, rectification, etc., in respect of refund to the PACL investors.*

*The Committee acknowledge that the entire process of refund through inviting claim application, verification and rectification of discrepancies, if any is being done through online/electronic mode. The Committee, however, in this regard urge the Ministry of Finance (Department of Economic Affairs)/SEBI to ensure that the entire online process involved in the refund of money to the PACL investors is free from complexities. With a view to making the entire process hassle-free, adequate assistance by way of publishing demo-videos and issuing of helpline numbers, e-mails, FAQs, etc., can be provided so that the investors could file claims which are devoid of defects. Further, necessary steps should also be taken to sensitize the States/UTs for providing all possible assistance to the investors in filing claim application through E-Seva Kendra or any other Agencies concerned on a regular basis. The modalities for the same could be worked out by the Ministry of Finance (Department of Economic Affairs), in consultation with the SEBI and/or other stakeholders."*

7. The Ministry of Finance (Department of Economic Affairs), in their action taken reply have submitted as follows:-

*"In this regard, it is stated that the entire process of online submission of claim application is simple and adequate assistance by way of demo videos and helpline number was provided to the investors for filing their claims. FAQs were made available on SEBI website to enable investors to submit their claims. Further, the Committee has requested Chief Secretary of States to provide required assistance to investors in filing claim applications through E-Seva Kendras.*

*Refunds are credited directly to the bank accounts of the investors, as provided by them in their claim applications, by way of electronic transfer. After effecting the payment to the investors, they are intimated of the same by way of SMS. Further, investors have also been provided with the facility to see the status of their applications on online portal.*

*Investors have also been provided with the facility to check the deficiencies found in their claim applications during verification, and multiple opportunities have been given to them to make good the deficiencies found in their claim prior to making payment. Having an online process for accepting claims has facilitated in providing such opportunity. The multiple opportunities provided to investors to rectify their claim applications are detailed as under:-*

<b>Sl. No.</b>	<b>Period during which opportunity provided to rectify claim applications</b>	<b>Claim Amount (Rs.)</b>
1	24.01.2020 - 31.07.2020	Upto Rs. 5,000/-
2	01.08.2020 - 31.10.2020	Upto Rs. 7,000/-
3	01.01.2021 - 31.03.2021	Upto Rs. 10,000/-
4	01.11.2022 - 31.01.2023*	Upto Rs. 15,000/-
5	15.06.2023 to 14.09.2023 (currently ongoing)	Rs. 15,001/- to Rs. 17000/-

*Verification of resubmitted applications has been completed and the Committee has completed payout in respect of 9,443 resubmitted applications.*

*SMSs are sent to investors whose claim applications are found to be deficient informing them of the opportunity for rectification. In order to make rectification of*

claim application easy, helpline number and email are provided to the investors to help them in filing their claim and resolving their queries.

The Committee decided to call for original certificates from investors in respect of eligible applications whose outstanding (principal) amount with PACL is more than Rs 10,000/- for verification and processing of refund. The response from the investors, with regard to submission of original certificates, was poor even after giving them sufficient time. The Committee, considering the poor response from the investors, possibly due to various reasons such as apprehension of the investors of losing original certificates in transit, original certificates already submitted to PACL Limited, original certificates having been misplaced, etc., and keeping in view the strict verification process being adopted in the refund process, decided to affect payment in respect of eligible applications without calling for and verification of original PACL certificates from investors.

To ensure transparency, the Committee regularly updates inter alia, status of refund timeline for rectifying/submitted claim application etc. on SEBI Website, i.e., <https://www.sebi.gov.in/PACL.html>. Further, periodic reports containing, inter alia, details of refund to investors, are submitted in the Hon'ble Supreme Court.

It is also need to be mentioned that the right of investors who could not file their claim in 2019 is not closed. They will be able to file their claims whenever the Committee decides to open window for fresh claims."

8. In paragraphs 20, 21, 22 and 23 of the Report, the Committee had observed/recommended as follows:-

"Overcoming bottlenecks for initiating monetization of the immovable properties/assets of the PACL Limited for effecting refund to its investors

During the deliberations held with the representatives of the Ministry of Finance (Department of Economic Affairs)/SEBI on 5 April, 2022, the Committee were informed that as there was seemingly a cash crunch with the Justice (Retd.) R. M. Lodha Committee/SEBI and there was a need to monetize the assets of the Company viz., PACL Limited for effecting refund to its investors. The Committee had also been informed that the major challenges being faced by the Committee/SEBI in refunding the money to the PACL investors were as under:-

- (a) *As per Supreme Court's Order, there is a prescribed process 'as is where is' to be followed, which is actually very difficult to follow in practice;*
- (b) *Property Papers related to assets of the Company are sometimes not in original or not matching with the land records of the Revenue Office or of a disputed property or sometimes found to be encroached, which are practical problems in respect to monetization of the assets of the Company;*
- (c) *Rules related to selling of assets are not too conducive to attract large number of bids; and*
- (d) *Verification and validation of genuine refund claims are also cumbersome as sometimes the details of bank account(s) given by the investors do not match with the records of the Company and sometimes, the Certificate(s) issued by the Company are blurred and not legible.*

*In this sequel, the Committee were informed that in view of these challenges, SEBI had submitted a Petition to the Supreme Court, wherein it was requested to allow selling of properties in different ways. Accordingly, SEBI had suggested two methods, viz., top thousand properties in terms of their value, which are apparently located in Metros may be liquidated at first instance and further, the assets of the Company may be liquidated District-wise.*

*During the deliberations held with the representatives of the Ministry of Finance (Department of Economic Affairs)/SEBI on 16 March, 2021, the Committee were also informed that the process of initiating bulk sale of immovable properties of the PACL Limited through Asset Reconstruction Company, which is regulated by RBI, or otherwise was very slow as it had to be approved by the Supreme Court.*

*In the considered opinion of the Committee, the Ministry of Finance (Department of Economic Affairs)/SEBI should put in their concerted efforts to take up the issues with the Authorities concerned in order to obtain the orders of Supreme Court in regard to initiating the process of bulk sale of immovable properties/assets of the PACL Limited and monetize the same through Asset Reconstruction Company or*

*otherwise so that the corpus amount available with the Justice (Retd.) R. M. Lodha Committee/SEBI could be increased and there should not be any cash crunch for effecting refund to the PACL investors. The Committee would like to be apprised of the necessary steps taken/proposed to be taken in this regard. The Committee would also like to be apprised of the judgment/order(s) passed by the Supreme Court of India in the matter of PACL Limited."*

9. The Ministry of Finance (Department of Economic Affairs), in their action taken reply, have submitted as follows:-

*"Hon'ble Supreme Court vide order dated February 02, 2016, inter-alia, directed the Central Bureau of Investigation (CBI) to hand over the documents seized to the Committee so as to enable the Committee to sell the land. The Committee has received around 43000 properties documents from CBI. The property documents received by the Committee has been put on public domain by publishing on websites namely [www.sebipaclauction.com](http://www.sebipaclauction.com) and [www.sebipaclproperties.com](http://www.sebipaclproperties.com) Thus interested buyers are aware of the properties available for sale which will be sold in accordance with procedure/modalities of sale which may be approved by Hon'ble Supreme Court.*

*The Hon'ble Supreme Court vide order dated 30.07.2019 authorized the Committee to explore alternative modalities for sale of properties and negotiate with ARSs, Non-banking companies and/or renowned property consultants. Pursuant to issued a public notice dated 23.08.2019 inviting offers from prospective buyers for purchase of properties of PACL Limited and after examining the offers received, the Committee submitted a report on 14.11.2019 in the Hon'ble Supreme Court recommending sale of certain properties through ARCs for an aggregate amount of Rs.2014.68 crores and mentioning further course of action with regard to sale of PACL's properties. Thereafter, various objections were filed before the Hon'ble Supreme Court against the recommendations of the Committee.*

*The said report and objections thereto were heard by the Hon'ble Supreme Court and by order dated 23.01.2020, the Hon'ble Supreme Court requested the Committee to finalise and notify terms and conditions for sale of properties of PACL including the terms and conditions set out in the above process.*

Accordingly, the Committee issued a Public Notice dated 06.02.2020 inviting offer from prospective buyers. None of the offers received by the Committee stipulated therein. The Committee, thereafter, submitted action taken report before the Hon'ble Supreme Court. The matter is presently pending for hearing before the Hon'ble Supreme Court.

Meanwhile, the Committee has placed alternative proposals for disposal of properties of PACL vide its report dated 24.09.2021 for consideration of the Hon'ble Supreme Court. The report is presently pending before the Hon'ble Supreme Court. The Advocate on Record of SEBI has mentioned PACL matter in the Hon'ble Supreme Court from time to time."

10. In paragraph 24 of the Report, the Committee had observed/recommended as follows:-

"Timely identification of 'red flags' in respect to probable financial fraud and exercising enhanced due diligence while incorporation and operation of a Company.

Keeping in view the mushrooming of errant/fraudulent Companies which were found to be involved in financial irregularities and/or economic offences in recent times, including the instant case of PACL Limited, which amassed billions of rupees through unregulated Collective Investment Schemes (CIS) over a long period of time, the Committee are of the opinion that such misdemeanor by the errant/fraudulent Companies can be averted at the initial stage itself if the Agencies concerned are vigilant enough to identify the 'red flag indicators' such as promise of unreasonable returns, aggressive campaign/advertisement for attracting a large number of investors in a short period of time, unusual and sudden spike in cash/banking transactions, etc., and take suitable preventive measures. The Ministry of Corporate Affairs, being the Nodal Ministry for administration of the legal framework within which the Companies are registered, should also identify all these 'red flag indicators' in respect of probable financial fraud/irregularities and/or economic offences and at the same time, ensure that the administrative machinery concerned is more vigilant and exercise enhanced due diligence before according requisite approvals with regard to incorporation as well as during operation of the Companies involved in the financial sector, especially which deal in Collective Investment Schemes (CIS), similar to that of PACL."

11. The Ministry of Corporate Affairs have failed to furnish action replies on the above observations/recommendations made by the Committee.
12. In paragraph 25 of the Report, the Committee had observed/recommended as follows:-

*"Need for stringent Statutory and Regulatory Mechanism to prevent deceiving of investors by errant/fraudulent Companies"*

*During the course of detailed examination of the representation(s) of Shri Gourav Kumar Soni and others on the subject, the Committee observe that the errant/fraudulent Companies involved in financial irregularities and/or economic offences, resort to circumventing the existing regulations and take advantage of statutory loop-holes to deceive the gullible investors of their hard-earned money. Keeping in view the above stated modus operandi being undertaken by the fraudulent Companies, the Committee are of the considered opinion that there is an emergent need for a stringent Statutory as well as Regulatory Mechanism so that the affairs/activities of such Companies are regulated in an efficient and ingenious manner while maintaining reasonable balance between the same and ease of doing business. The Committee, therefore, strongly recommend the Ministries of Corporate Affairs and Finance (Department of Economic Affairs) to formulate an impregnable firewall by way of formulating stringent rules, regulations, and guidelines in consultation with other stakeholders such as SEBI, Reserve Bank of India (RBI), etc., so that the innocent investors, which are particularly from the vulnerable lower and middle income groups, are not cheated by any such errant/fraudulent Companies in future. Besides, whenever any complaint related to unregulated deposit schemes, fraudulent default in regulated deposit schemes or wrongfully inducing depositors into such schemes as well as clandestine activities/affairs of a Company, etc., come to the notice of Authorities/Agencies concerned, the Ministries of Corporate Affairs and Finance (Department of Economic Affairs) should proactively take cognizance of the matter with utmost alacrity and seriousness so that prompt consequent action(s) could be initiated by referring the matter to appropriate Investigation/Law Enforcement Agencies, such as Enforcement Directorate (ED), Serious Fraud Investigation Organisation (SFIO) or even the Central Bureau of Investigation (CBI) for conducting detailed investigation into such cases."*



13. The Ministry of Corporate Affairs and the Ministry of Finance (Department of Economic Affairs) have failed to furnish action replies on the above observations/recommendations made by the Committee.

## **OBSERVATIONS/RECOMMENDATIONS**

### **Expediting the process of refund and settlement of claims in respect to the investors of PACL Limited**

14. The Committee after undertaking a detailed examination of the representation of Shri Gourav Kumar Soni and others, alleging Securities and Exchange Board of India's (SEBI) high-handedness in refunding the money to the investors of PACL Limited in light of the submissions made by the Ministry of Finance (Department of Economic Affairs)/SEBI and the Ministry of Corporate Affairs had expressed their concerns over the slow pace of refund process due to the PACL investors.

15. The Committee were also constrained to note that even after a lapse of three years (*from January, 2018 till February, 2021*), only a meager 12.58 lakh eligible refund claim applications aggregating Rs. 432.69 crore, have been settled whereas, the total number of the investors of PACL Limited is approximately 5.85 crore as informed by the Ministry of Finance (Department of Economic Affairs)/SEBI.

16. The Committee had therefore, recommended the Ministry of Finance (Department of Economic Affairs)/SEBI to take all appropriate and necessary efforts to adopt an appropriate methodology in order to expedite the process of refund and settlement in respect to claims of investors of PACL Limited. In this sequel, the Committee had further urged the Ministry of Finance (Department of Economic Affairs)/SEBI to make the existing online refund portal more user friendly while regularly updating all the relevant data/information which are needed to be hosted on the web portal. The Committee, in this regard, had also pointed out that

it would enable the disbursal of refund against the legitimate claims of the genuine investors more effective and quick and at the same time it was also emphasized that the investors of PACL Limited should also be kept informed of the updated status on the refund process as well as of the relevant developments related thereto.

17. In response to the above recommendations of the Committee, the Ministry of Finance (Department of Economic Affairs)/SEBI, in their action taken replies, have submitted that the refund made by the Justice (Retd.) R. M. Lodha Committee in the matter of PACL Limited is commensurate with the funds available with the said Committee. The Ministry of Finance (Department of Economic Affairs)/SEBI, in this connection, have informed the Committee that as of 12.09.2023, the Justice (Retd.) R. M. Lodha Committee has effected refunds in respect of 19,67,386 eligible applications having outstanding (principal) amount up to Rs. 17,000/-, amounting to a total of Rs. 923.82 crore. The Ministry of Finance (Department of Economic Affairs)/SEBI have further informed the Committee that time and again, several representations/inputs pertaining to the refund portal/refund process and rectification of deficiencies from investors have been received by the said Committee, and wherever feasible, facilities based on inputs of investors have been made available on the portal which include checking the status of claim applications, updating mobile numbers, rectifying claim applications, etc., for the investors. The Ministry of Finance (Department of Economic Affairs)/SEBI, in this regard, have also submitted that Refund Web Portal, i.e., [www.sebipaclrefund.co.in](http://www.sebipaclrefund.co.in) is user friendly and the investors can easily update all the relevant data/information

and rectify their claim applications and no technical glitches have been reported in the said portal.

18. The Committee while acknowledging that the refund made by the Justice (Retd.) R. M. Lodha Committee in the matter of PACL Limited is commensurate with funds available with the Lodha Committee would, however, like to reiterate that the Ministry of Finance (Department of Economic Affairs)/SEBI should put in all their concerted efforts while adopting an appropriate methodology in order to expedite the process of refund and settlement in respect to claims of investors of PACL Limited at the earliest. The Committee would like to be apprised of the necessary action taken or proposed to be taken by the Ministry/SEBI in this regard and an updated status/progress in respect to effecting expeditious and hassle-free refund to the PACL investors.

**Ensuring hassle-free online process for refund to the PACL investors.**

19. The Committee while acknowledging that the entire process of refund through inviting claim application, verification and rectification of discrepancies, if any is being done through online/electronic mode, had however, urged the Ministry of Finance (Department of Economic Affairs)/SEBI to ensure that the entire online process involved in the refund of money to the PACL investors is free from complexities. The Committee, in this regard, had suggested that with a view to making the entire process hassle-free, adequate assistance by way of publishing demo-videos and issuing of helpline numbers, e-mails, FAQs, etc., could be provided so that the investors could file claims which are devoid of defects. The Committee had further suggested that necessary steps should also be taken to

sensitize the States/UTs for providing all possible assistance to the investors in filing claim application through e-Seva Kendra or any other Agencies concerned on a regular basis and the modalities for same could be worked out by the Ministry of Finance (Department of Economic Affairs), in consultation with the SEBI and/or other stakeholders.

20. Pursuant to the above recommendations of the Committee, the Ministry of Finance (Department of Economic Affairs)/SEBI, in their action taken reply, while contending that the entire process of online submission of refund claim application is simple, have informed that adequate assistance by way of demo videos and helpline number had been provided to the investors for filing their claims. Besides, FAQs were also made available on SEBI website to enable the investors to submit their claims. The Ministry have further informed the Committee that Chief Secretaries of States have been requested to provide required assistance to the investors in filing claim applications through e-Seva Kendras. The Ministry have also informed that the refunds are credited directly to the bank accounts of the investors, as provided by them in their claim applications, by way of electronic transfer and after effecting the payment, they are intimated of the same by way of SMS.

21. In this connection, the Committee have also been informed by the Ministry of Finance (Department of Economic Affairs)/SEBI that the investors have been provided with the facility to check the deficiencies found in their claim applications during verification and multiple opportunities have been given to them to make good the deficiencies found in their claim prior to making payment. The Committee

note that SMSs are sent to the investors whose claim applications are found to be deficient and also for giving them an opportunity for rectification for making appropriate rectification in their claim application(s). The Committee also note that as on 31.01.2023, after verification of re-submitted applications, Justice (Retd.) R.M. Lodha Committee has completed payout in respect of 9,443 re-submitted applications for claim amount upto Rs. 15,000.

22. The Ministry of Finance (Department of Economic Affairs)/SEBI, in their action taken reply, have stated that Justice (Retd.) R. M. Lodha Committee had decided to call for original certificates from the investors in respect of eligible applications whose outstanding (principal) amount with the PACL was more than Rs 10,000/- for verification and processing of refund. However, considering the poor response from the investors, possibly due to various reasons such as apprehension of the investors of losing the original certificates in transit, original certificates already submitted to PACL Limited, original certificates having been misplaced, etc., and keeping in view the strict verification process being adopted in the refund process, the Lodha Committee decided to effect payment in respect of eligible applications without calling for and verification of original PACL certificates from the investors. The Ministry have further informed that the Committee regularly updates *inter-alia* the status of refund timeline for rectifying/submitting claim application etc., on the SEBI Website, i.e., <https://www.sebi.gov.in/PACL.html>, in order to ensure transparency and further, periodic reports containing *inter-alia* details of refund to investors, are submitted in the Hon'ble Supreme Court. The Ministry have also submitted before the Committee on Petitions that the right of investors who could not file their claim in the year 2019 is not closed and they will

be able to file their claims whenever the Committee decides to open the window for making fresh claims.

23. The Committee acknowledge that the process of online submission of refund claim application has been made simple and further, adequate assistance by way of demo videos, helpline number, FAQs, SMS service is being provided to the investors for filing their claims. The Committee further appreciate that the investors have been provided with the facility to check the deficiencies found in their claim applications during verification and multiple opportunities have been given to them to rectify the deficiencies found in their claim applications prior to making payment to them. The Committee are also happy to note that presently, the payment in respect of eligible applications are being effected without calling for and verification of original PACL certificates from the investors. The Committee, in this sequel, would like to express their satisfaction over the fact that the investors who could not file their refund claim applications in the year 2019 would now be able to file their claims whenever the Justice (Retd.) R.M. Lodha Committee decides to open the window for making fresh claims. The Committee would, however, like to again urge the Ministry of Finance (Department of Economic Affairs)/SEBI to ensure that the entire online process involved in the refund of money to the PACL investors, starting from inviting/filing claim application, verification and rectification of discrepancies, if any till the stage of settlement of claims and effecting refund, is free from complexities and avoidable harassment. The Committee, in this regard would also like to suggest that with a view to making the entire process hassle-free, adequate assistance by way of publishing demo-videos and issuing of helpline numbers, e-mails, FAQs, etc., could be provided in all the

regional languages on a regular basis. The Committee further suggest that necessary steps should also be taken to sensitize the States/UTs for providing all possible assistance to the investors in filing claim application through e-Seva Kendra(s) or any other Agency on a regular basis. The Committee would like to be apprised of the requisite action taken or proposed to be taken by the Ministry/SEBI on all the above aspects and a timeline for opening window for making fresh claims.

**Expediting the process of monetization of the immovable properties/assets of the PACL Limited**

24. Considering the sluggish pace of availability of funds resulting in low quantum of disbursement of refunds to the poor investors, the Committee had urged the Ministry of Finance (Department of Economic Affairs)/SEBI to put in their concerted efforts to take up the issues with the Authorities concerned in order to obtain the orders of Supreme Court in regard to initiating the process of bulk sale of immovable properties/assets of the PACL Limited and monetize the same through Asset Reconstruction Company or otherwise so that the corpus amount available with the Justice (Retd.) R.M. Lodha Committee/SEBI could be increased and there should not be any cash crunch for effecting refund to the PACL investors.

25. Based on the action taken reply submitted by the Ministry of Finance (Department of Economic Affairs)/SEBI, in response to the above recommendation, the Committee note that the Supreme Court *vide* orders dated 2 February, 2016 had *inter-alia* directed the Central Bureau of Investigation (CBI) to hand over the



documents seized in the process to the Justice (Retd.) R. M. Lodha Committee so as to enable the Committee to sell the land. Consequently, the Lodha Committee had received around 43000 property documents from the CBI, which were put in the public domain, namely, [www.sebipaclauction.com](http://www.sebipaclauction.com) and [www.sebipaclproperties.com](http://www.sebipaclproperties.com). Subsequently, the Supreme Court *vide* order dated 30.07.2019 authorized the Committee to explore alternative modalities for the sale of properties and negotiate with the ARCs, Non-banking Companies and/or renowned property consultants. Pursuant to this, a Public Notice dated 23.08.2019 was issued, thereby, inviting offers from prospective buyers for purchase of properties of PACL Limited and after examining the offers received, the Committee submitted a Report on 14.11.2019 in the Supreme Court *inter alia* recommending the sale of certain properties through ARCs for an aggregate amount of Rs. 2014.68 crore and mentioning further course of action with regard to sale of PACL's properties. However, various objections were filed before the Supreme Court against the recommendations of the Committee. Subsequently, the said Report and objections thereto were heard by the Supreme Court and by order dated 23.01.2020, the Court requested the Lodha Committee to finalise and notify the terms and conditions for sale of properties of PACL including the terms and conditions set out in the above process. Accordingly, the Committee again issued a Public Notice dated 06.02.2020 inviting offer from prospective buyers. However, the response was not encouraging. The Committee, thereafter, submitted an Action Taken Report before the Supreme Court and the matter is presently pending for further hearing. Meanwhile, the Committee has also placed alternative proposals for disposal of properties of PACL *vide* its Report dated 24.09.2021 for consideration of the Supreme Court, which is also presently pending before the Court. The Committee

note of the fact the Advocate on Record of SEBI has mentioned PACL matter before the Supreme Court from time to time.

26. Having analysed the legality of the matter, the Committee yet again wish to urge the Ministry of Finance (Department of Economic Affairs)/SEBI to put in their concerted efforts for obtaining further orders/directions from the Supreme Court in regard to initiating the sale of properties of PACL so that adequate funds are made available to Justice (Retd.) R. M. Lodha Committee for effecting refund to the PACL investors. In this chronology, the Committee would also like to suggest the Ministry/SEBI to explore new and innovative methodology/modalities and work out on out-of-box approach for sale of properties of PACL in a speedy and flawless manner. The Committee would like to be apprised of the necessary steps taken/proposed to be taken in this regard and of the judgment/order(s) passed by the Supreme Court of India in the matter of PACL Limited.

**Identification of 'red flag' in respect to probable financial frauds in the guise of Collective Investment Schemes (CIS)**

27. Keeping in view the mushrooming of errant/fraudulent Companies which were found to be involved in financial irregularities and/or economic offences in recent times, including the instant case of PACL Limited, which amassed billions of rupees through unregulated Collective Investment Schemes (CIS) over a long period of time, the Committee had opined that such misdemeanor by the errant/fraudulent Companies can be averted at the initial stage itself if the Agencies concerned are vigilant enough to identify the 'red flag indicators' such as promise of unreasonable returns, aggressive campaign/advertisement for attracting a large

number of investors in a short period of time, unusual and sudden spike in cash/banking transactions, etc., and take suitable preventive measures. The Committee had therefore, recommended that the Ministry of Corporate Affairs, being the Nodal Ministry for administration of the legal framework within which the Companies are registered, should also identify all these 'red flag indicators' in respect of probable financial fraud/irregularities and/or economic offences and at the same time, ensure that the administrative machinery concerned is more vigilant and exercise enhanced due diligence before according requisite approvals with regard to incorporation as well as during operation of Companies involved in the financial sector, especially which deal in Collective Investment Schemes (CIS), similar to that of PACL.

28. The Committee on Petitions, to their utter dismay, note that although the Committee had presented their 50th Report on the subject to Lok Sabha on 8 August, 2023 wherein observations/recommendations were made on the number of issues raised in the representation of Shri Gourav Kumar Soni and others also urged the Ministry of Finance (Department of Economic Affairs) and the Ministry of Corporate Affairs to take necessary action thereon and apprise the Committee accordingly, within three months of presentation of their Report to the House, the Ministry of Corporate Affairs have not submitted their Action Taken Replies in the matter, even after a lapse of stipulated time period.

29. The Committee are, therefore, unhappy over the non-serious attitude of the Ministry of Corporate Affairs resulting into inordinate delay on their part in furnishing Action Taken Replies, in response to observations/recommendations

made by the Committee in their 50th Report. Instead of taking a proactive approach in the matter, the Ministry had maintained an intriguing silence on the issue of wider public interest. The Committee, while taking strong exception to the failure of the Ministry in furnishing the Action Taken Replies on the observations/recommendations made by the Committee on Petitions in their Report in a time bound manner, expect that the observations/recommendations made by a Parliamentary Committee should be considered with due alacrity and a detailed Action Taken Notes/Replies thereon be furnished within the stipulated time for consideration and perusal of the Committee.

30. Notwithstanding non-fulfilling of the procedural requirement as stated above, the Committee wish to reiterate that the Ministry of Corporate Affairs should at least now, take all necessary and appropriate measures/steps to identify all the 'red flag indicators' such as promise of unreasonable returns, aggressive campaign/advertisement for attracting a large number of investors in a short period of time, unusual and sudden spike in cash/banking transactions, etc., in respect of probable financial fraud/irregularities and/or economic offences and at the same time, ensure that their administrative machinery is more vigilant and exercise enhanced due diligence before according requisite approvals with regard to incorporation as well as during operation of the Companies involved in the financial sector, especially which deal in Collective Investment Schemes (CIS), similar to that of PACL. The Committee would like to be apprised of the necessary measures/steps taken or proposed to be taken by the Ministry in this regard.

**Need for stringent Statutory and Regulatory Mechanism to prevent deceiving of investors by errant/fraudulent Companies**

31. During the course of detailed examination of the representation(s) of Shri Gourav Kumar Soni and others on the subject, the Committee had observed that the errant/fraudulent Companies involved in financial irregularities and/or economic offences, resort to circumventing the existing regulations and take advantage of statutory loop-holes to deceive the gullible investors of their hard-earned money.

32. Keeping in view the above-stated modus operandi being undertaken by the fraudulent Companies, the Committee had opined that there is an emergent need for a stringent Statutory as well as Regulatory Mechanism so that the affairs/activities of such Companies are regulated in an efficient and ingenious manner while maintaining reasonable balance between the same and ease of doing business. The Committee had, therefore, strongly recommended the Ministries of Corporate Affairs and Finance (Department of Economic Affairs) to formulate an impregnable firewall by way of formulating stringent Rules, Regulations, and Guidelines, in consultation with other stakeholders such as SEBI, Reserve Bank of India (RBI), etc., so that the innocent investors, who are broadly from the vulnerable lower and middle income groups, are not cheated by any such errant/fraudulent Companies in future. Besides, whenever any complaint related to unregulated deposit schemes, fraudulent default in regulated deposit schemes or wrongfully inducing depositors into such schemes as well as clandestine activities/affairs of a Company, etc., come to the notice of Authorities/Agencies concerned, the Ministries of Corporate Affairs and Finance (Department of Economic Affairs) should pro-actively take cognizance of the matter with utmost alacrity and seriousness so that prompt action(s) could be initiated by referring the matter to

appropriate Investigation/Law Enforcement Agencies, such as Enforcement Directorate (ED), Serious Fraud Investigation Organisation (SFIO) or even the Central Bureau of Investigation (CBI) for conducting detailed investigation into such cases.

33. The Committee once again take strong exception to the failure of both the Ministries, viz., the Ministry of Finance (Department of Economic Affairs) and the Ministry of Corporate Affairs in furnishing the Action Taken Replies on the aforesaid observations/recommendations made by the Committee on Petitions in their Report. The Committee hope and expect that there shall not be a repeat of such an approach in future and the Ministries would furnish Action Taken Notes/Replies on the observations/recommendations made by a Parliamentary Committee within the stipulated time period. The Committee, however, while reiterating their recommendations mentioned in the foregoing paragraph, would like to urge both the Ministries to furnish a detailed Action Taken Notes/Replies on the action taken or proposed to be taken thereon at the earliest for consideration and perusal of the Committee.

New Delhi;

18 December, 2023  
27 Agrahayana, 1945 (Saka)

HARISH DWIVEDI,  
Chairperson  
Committee on Petitions

**MINUTES OF THE THIRTIETH SITTING OF THE COMMITTEE ON PETITIONS  
(SEVENTEENTH LOK SABHA)**

The Committee met on Monday, 18 December, 2023 from 1500 hrs. to 1715 hrs. in  
Committee Room No. 3, Parliament House Annexe Extension, New Delhi.

**PRESENT**

Shri Sunil Kumar Singh - In the Chair

**MEMBERS**

2. Shri Brijendra Singh
3. Shri Sushil Kumar Singh
4. Shri Manoj Kumar Tiwari
5. Shri Prabhubhai Nagarbhai Vasava
6. Shri Rajan Baburao Vichare

**SECRETARIAT**

1. Shri Raju Srivastava - Joint Secretary
2. Shri Tenzin Gyaltzen - Deputy Secretary

**WITNESSES**

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2. At the outset, in the absence of the Chairperson, the Committee under Rule 258(3) of the Rules of Procedure and Conduct of Business in Lok Sabha chose Shri Sunil Kumar Singh to act as Chairperson for the sitting.

3. Thereafter, the Chairperson welcomed the Members to the sitting of the Committee.

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15. The Committee, thereafter, took up for consideration the following draft Action taken Reports:-

(i)	***	***	***	***
(ii)	***	***	***	***
(iii)	***	***	***	***
(iv)	***	***	***	***
(v)	***	***	***	***
(vi)	***	***	***	***

(vii) Action Taken Report on the action taken by the Government on the recommendations made by the Committee on Petitions (Seventeenth Lok Sabha) in their Fiftieth Report on the representation of Shri Gourav Kumar Soni and others, alleging Securities and Exchange Board of India's (SEBI) high-handedness in refunding the money to the investors of PACL Limited; and

(viii)	***	***	***	***
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16. After discussing the above mentioned eight draft Action Taken Reports in detail, the Committee adopted these Reports without any modification and authorised the Chairperson to finalise the draft Action Taken Reports and present the same to the House during the ensuing Session.

17.	***	***	***	***
18.	***	***	***	***

The Committee, then, adjourned.

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\*\*\* *Does not pertain to this Report.*