

**PROCEEDINGS OF THE COMPETENT AUTHORITY &
SECRETARY TO GOVERNMENT, BANNING OF
UNREGULATED DEPOSIT SCHEMES ACT UNDER SECTION
7(3) OF THE BUDS ACT (2019)
PRESENT: SRI. SANJAY M KAUL IAS**

HOME (SC) DEPARTMENT

No:SC3/56/2024-Home Dated,Thiruvananthapuram(02-09-2024)

Sub: Home Department - Banning of Unregulated Deposit Schemes Act, 2019 - Provisional attachment of all movable & immovable properties of M/s Uni Bharath Corp Kissan Producer Company Limited- Orders issued.

- Ref: 1.GO(P) No. 69/2020/Home dated 18.12.2020 published as SRO No. 887/2020
2. GO(Rt) No. 2959/2020/Home dated 22.12.2020 published as SRO No. 894/2020
3. Letter from the Manager, Reserve Bank of India dated 22/02/2024.
4. Enquiry report No. D3/48341/2024/PHQ dated 22/06/2024 from the State Police Chief.

ORDER

The RBI's Market Intelligence team, as per the letter referenced as third paper above, has reported that M/s Uni Bharath Corp Kissan Producer Company Limited, Thrissur, is registered as a private company under RoC Ernakulam. Section 2(68) of the Companies Act 2013 prohibits a private company from issuing an invitation to the public to subscribe to any securities of the company. According to the Securities Contracts (Regulation) Act, 1956, "securities" include shares, scrips, stocks, bonds, debentures, debenture stock, or other marketable securities of a similar nature in or of any incorporated company or other body corporate. It has been determined that the company was accepting money in the form of debentures by offering high-interest rates, which violates the provisions of the Companies Act 2013. The 'Fixed Deposit Application Form' provided by the company indicates the acceptance of deposits from the public, contravening Section 73 of the Companies Act 2013.

The State Police Chief, in his letter referenced as the fourth paper

above, has reported that M/s Uni Bharat Corp Kissan Producer Company Limited, Thrissur, is a Farmer Producer Company that offers loan and deposit services branded as "Akshaya" and "Abhivridhi." The company provides loans with an interest rate of up to 12% per annum, capped at ₹1 lakh under the name "Akshay," and up to ₹3 lakhs under "Abhivridhi" at 12.5% interest.

The State Police Chief has further reported that the company offers daily loans at high-interest rates of 12% for amounts starting from ₹25,000. Although registered with the Ministry of Corporate Affairs under the BUDS Act and accepting deposits under Chapter 5 or Section 406 of the Companies Act, these activities are considered regulated. However, the company is not a fund company and does not fall under Section 406; it is not a public limited company and does not comply with Sections 73 and 76 regarding deposit acceptance. The State Police Chief has informed that it is illegal and in violation of the BUDS Act and other existing laws for this institution to grant loans and accept deposits.

In the light of the findings in the MI Visit of RBI and from the report of SPC, it can be concluded that Uni Bharath Corp Kissan Producer Company Limited, Thrissur, a private limited accepted deposits from the public in the form of debentures in violation of the provisions of Companies Act, 2013. The deposits accepted by the Company would thus be unregulated deposits. Hence provisions of BUDS Act can be invoked against the Company.

Accordingly, I, Sanjay M Kaul IAS, Competent Authority, BUDS Act 2019 have examined the matter in detail and have a reason to believe that the accused have accepted fixed deposits from the public in violation of the existing rules thus amounting to an unregulated scheme. The deposit taker have accepted the deposits in contravention of section 3 of the BUDS Act read with section 21.

I, therefore, in exercise of powers conferred under section 7(3) of BUDS Act, 2019, hereby issue this proceedings to attach 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, to safeguard the interest of the innocent depositors.

The Inspector General of Registration Department is hereby directed to freeze the sale/mortgage or any other transaction of 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 concerned/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 current/ any future accused persons from time to time directly to the concerned 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 serve the copy of the provisional attachment to the owner of the property or any person who claims to be in possession of the property or any other person who has an interest in the said property and to prepare and maintain details of the properties so attached and the expenditure incurred in this regard in Form No. 2.

The District Collectors are further directed to publish the order of provisional attachment in a leading newspaper both in Malayalam and in English having wide circulation in the area or jurisdiction in which the deposit taker is located.

The District Collectors appointed as officers to assist the Competent Authority under section 7(2) of BUDS Act are directed to issue attachment orders separately against the properties of the accused and file application with particulars of the attachment effected before the Designated Courts constituted by order read as 2nd paper above, of the respective District, within the stipulated time of 30 days 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 Central BUDS Act, 2019.

(Sd.)

SANJAY M KAUL

Forwarded/By order

Section Officer.

To:

The State Police Chief
All District Collectors
The Additional Director General of Police (Crimes)
The Inspector General of Police (EOW), Police Headquarters
All District Police Chiefs
The Inspector General of Registration Department
The Transport Commissioner
The Registrar of Co-operative Societies
The Lead Bank Managers.
General Managers of KSFE/District Managers of KFC (through
District Collectors)
The Finance/ Law/Revenue/Taxes Departments
I & PR (Web & New Media) Department.
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