GOVERNMENT OF INDIA MINISTRY OF CORPORATE AFFAIRS

LOK SABHA STARRED QUESTION NO. 99 ANSWERED ON FRIDAY, THE 22ND JULY, 2016 [ASHADHA 31, 1938 (SAKA)]

CORPORATE FRAUDS

QUESTION

*99. SHRI LAXMAN GILUWA:
SHRI RAM TAHAL CHOUDHARY:

Will the Minister of CORPORATE AFFAIRS ea=h

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- be pleased to state:
- (a) whether Market Research and Analysis Unit (MRAU) has been set up in the Serious Fraud Investigation Office (SFIO) with the objective of revamping corporate sector regulatory system;
- (b) if so, the details thereof along with the cases of serious frauds unearthed by this Unit;
- (c) the action taken by the Government so far in these cases;
- (d) the number of persons against whom allegations have been proved and the details of the action taken against the accused; and
- (e) the other measures taken/ being taken by the Government to check recurrence of serious corporate frauds?

ANSWER

THE MINISTER OF CORPORATE AFFAIRS (SHRI ARUN JAITLEY)

(a) to (e) A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (e) OF THE STARRED QUESTION NO. 99 FOR ANSWER IN LOK SABHA ON 22-07-2016

- (a) to (d) Market Research and Analysis Unit (MRAU) was set up with the following objectives:
 - (i) Repository of information;
 - (ii) Improving investigation skills;
 - (iii) Adoption of best practices;
 - (iv) Co-ordination with other investigative agencies.

MRAU prepares research reports based on information received from various resources. MRAU has submitted 5 reports covering 196 companies during 2015-16, to the Ministry of Corporate Affairs. Investigation has been ordered involving 16 companies.

- (e) Government has taken a number of measures to check recurrence of corporate frauds:
 - (i) 'Fraud' as a substantive offence has been introduced in the Companies Act, 2013.
 - (ii) Statutory status to the Serious Fraud Investigation Office has been granted under the said Act.
 - (iii) Stricter norms of Corporate Governance and their implementation under the Companies Act, 2013.
 - (iv) Increasing application of technology for early detection of frauds through data analysis, surveillance and usage of forensic tools, etc.
