GOVERNMENT OF INDIA MINISTRY OF CORPORATE AFFAIRS

RAJYA SABHA UNSTARRED QUESTION NO. 668 ANSWERED ON TUESDAY, THE 22ND NOVEMBER, 2016

GOVERNMENT ACTION IN CASE OF FRAUDULENT TRANSACTIONS BY COMPANIES

QUESTION

668. SHRI M. P. VEERENDRA KUMAR:

Will the Minister of CORPORATE AFFAIRS be pleased to state:

- (a) the procedure for Government intervention in the affairs of a Public Limited Company when there are allegations of fraudulent transactions and unethical practices;
- (b) whether cases of frauds and illegal accounts/ transactions by companies and corporate houses have come to the notice of Government during the last three years;
- (c) if so, the details thereof, company-wise; and
- (d) the steps taken/being taken by Government in such cases in the country?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY (SI OF CORPORATE AFFAIRS

(SHRI ARJUN RAM MEGHWAL)

- (a) to (c) Section 206 of the Companies Act, 2013 (Act) empowers the Central Government (CG) and the Registrar of Companies to make an inquiry or inspection in cases of allegations of fraudulent or unlawful business activities and the CG may also order investigation under section 210 of the Act. From 2013 -14 up to 31.10.2016, the Ministry has ordered Investigation through the Serious Fraud Investigation Office (SFIO) into the affairs of 390 companies allegedly indulging in fraudulent /unethical/illegal activities. The details are attached as Annexure-I
- (d) Steps taken by the Ministry include:
 - (i) The term "Fraud" has been defined in the Companies Act, 2013;
 - (ii) Stricter norms of Corporate Governance and their implementation in the Companies Act, 2013;
 - (iii) Statutory status to the Serious Fraud Investigation Office (SFIO);

(iv) Increasing application of technology for early detection of frauds through data mining and Forensic Audit, etc.

Annexure-I

ANNEXURE REFERRED TO IN REPLY TO PART (a) to (c) OF THE UNSTARRED QUESTION NO. 668 FOR ANSWER IN RAJYA SABHA ON 22.11.2016.

Details of cases referred to SFIO during the last three years and the current year

Year	Investigations referred to SFIO	Investigations completed	Investigations under progress	Investigations Quashed/ stayed by Courts
2013-14	83	78	04	01
2014-15	71	49	19	03
2015-16	184	11	172	01
2016-17 (till date)	52	01	50	01
Total	390	139	245	06
