

**GOVERNMENT OF INDIA
MINISTRY OF CORPORATE AFFAIRS**

**LOK SABHA
STARRED QUESTION NO. 497
ANSWERED ON FRIDAY, THE 07TH APRIL, 2017
[CHAITRA 17, 1939 (SAKA)]**

VANISHING COMPANIES

QUESTION

***497. DR. KULAMANI SAMAL:**

**Will the Minister of CORPORATE AFFAIRS
be pleased to state:**

(a) whether the Government has any mechanism/provision in the existing statutes to monitor the fraudulent activities of various finance, plantation and other companies that have cheated the public worth thousands of crore of rupees over the past few years and have vanished;

(b) if so, the details thereof along with the number of companies inspected by the Government agencies during the last three years and the current year; and

(c) the further steps taken/being taken by the Government to prevent such fraudulent activities of the companies?

ANSWER

**THE MINISTER OF CORPORATE AFFAIRS
JAITLEY)**

(SHRI ARUN

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

**STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (c) OF THE
STARRED QUESTION No. 497 FOR ANSWER IN LOK SABHA ON 07.04.2017**

(a) & (b) Action against fraudulent companies including finance and plantation companies is a continuous and regular process through various regulatory authorities. In this regard, Government has identified 185 companies for investigation through the office of Serious Fraud and Investigation Office [SFIO] during the last three years. These include chit fund /Multi-Level Marketing/Ponzi activities in unauthorized collecting of funds from public. A statement of such 185 companies is at Annexure –A. Further, this Ministry also ordered for inspection of Books of Account and records of 301 companies under the Companies Act in the last three years as per Annexure-B.

(c) 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.

Annexure - A

**ANNEXURE REFERRED TO IN REPLY TO THE STARRED QUESTION NO. 497
FOR ANSWER IN LOK SABHA ON 07.04.2016**

State-wise and year-wise details of investigations ordered during the last three years into the affairs of companies involved in chit fund/ ponzi/ Multi-Level Marketing activities

2013-14

| S. No. | State | No. of Companies ordered for Investigation |
|---------------|----------------------|---|
| 1 | West Bengal | 57 |
| 2 | Assam | 01 |
| 3 | Uttar Pradesh | 05 |
| Total | | 63 |

2014-15

| S. No. | State | No. of Companies ordered for Investigation |
|---------------|--------------------|---|
| 1 | West Bengal | 29 |
| 2 | Jharkhand | 02 |
| 3 | Bihar | 02 |
| 4 | Orissa | 18 |
| Total | | 51 |

2015-16

| S. No. | State | No. of Companies ordered for Investigation |
|---------------|--------------------|---|
| 1 | West Bengal | 26 |
| 2 | Orissa | 08 |
| 3 | Maharashtra | 05 |
| 4 | Punjab | 01 |
| 5 | Rajasthan | 01 |
| 6 | Assam | 06 |
| Total | | 47 |

2016-17

| S. No. | State | No. of Companies ordered for Investigation |
|---------------|--------------------|---|
| 1. | Maharashtra | 01 |
| 2. | West Bengal | 19 |
| 3. | Orissa | 01 |
| 4. | Assam | 03 |

| | |
|--------------|-----------|
| Total | 24 |
|--------------|-----------|

Annexure-B

**ANNEXURE REFERRED TO IN REPLY TO THE STARRED QUESTION NO. 497
FOR ANSWER IN LOK SABHA ON 07.04.2017**

**Year-wise details of inspections ordered during the last three years into
the affairs of companies.**

| Year | Number of Inspections Ordered. |
|----------------|---------------------------------------|
| 2014-15 | 23 |
| 2015-16 | 161 |
| 2016-17 | 117 |
| Total | 301 |
