

**GOVERNMENT OF INDIA
CORPORATE AFFAIRS
LOK SABHA**

STARRED QUESTION NO:585

ANSWERED ON:06.05.2010

CORPORATE FRAUDS

Singh Shri Bhola;Yaskhi Shri Madhu Goud

Will the Minister of CORPORATE AFFAIRS be pleased to state:

- (a) the details of the cases of corporate frauds brought to light during the last two years;
- (b) the outcome of investigations, if any, instituted in those cases;
- (c) whether the corporate frauds are on the rise in the country;
- (d) if so, the steps taken by the Government to curb the rising trend in corporate frauds;
- (e) whether the attention of the Government has been drawn to "Fraud Survey Report 2010 for India" by a consultancy firm Klynveld Peat Marwick Goerdeler (KPMG);
- (f) if so, the details of the facts brought out in the report; and
- (g) the steps taken by the Government in this regard?

Answer

THE MINISTER OF CORPORATE AFFAIRS (SHRI SALMAN KHURSHID)

(a) to (g): A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (g) OF LOK SABHA STARRED QUESTION NO. 585 FOR 06.05.2010 REGARDING CORPORATE FRAUDS

(a)&(b) This Ministry has referred cases of 22 companies to the Serious Fraud Investigation Office (SFIO) for investigation during last two years. Out of these 22 cases, investigation reports in respect of two companies were submitted by SFIO. Necessary instructions for action in respect of violation of various provisions of the Companies Act, 1956 have been issued to SFIO.

(c)&(d): No verified information is available which indicates that the cases of corporate frauds are constantly increasing in the corporate sector in the country. However, an elaborate regulatory framework is already in place under the Companies Act, 1956 as well as the regulations of other agencies like Securities and Exchange Board of India, Enforcement Directorate, Central Bureau of Investigation, etc. to deal with corporate frauds. The Government is empowered to inspect the books of accounts of the companies and also to investigate their affairs under the Companies Act, 1956. This Ministry has implemented MCA-21, e-Governance project which has increased the transparency as the data available in the public domain can be viewed by any person.

(e)to(g): The Ministry of Corporate Affairs has not sponsored any survey relating to frauds, through KPMG.