

**GOVERNMENT OF INDIA  
CORPORATE AFFAIRS  
LOK SABHA**

UNSTARRED QUESTION NO:2059

ANSWERED ON:05.08.2010

CORPORATE FRAUDS

Abdulrahman Shri ;Gowda Shri D.B. Chandre;Jeyadural Shri S. R.

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

- (a) the number of corporate frauds detected and referred to the Serious Fraud Office during the last three years and the current year;
- (b) the action taken against the companies found involved in such fraudulent practices;
- (c) whether the Government proposes to refer the case of Subhiksha Trading Services to the Serious Fraud Investigation Office for investigation;
- (d) if so, the details thereof;
- (e) whether the Government has formulated any policy and set up guidelines to enable the Government agencies to deal with money laundering, auditing and other financial frauds;
- (f) if so, the details thereof; and
- (g) if not, the reasons therefor?

**Answer**

MINISTER OF THE STATE IN THE MIISTRY OF CORPORATE AFFAIRS (SHRI SALMAN KHURSHID)

(a) During the period from 01/04/2007 to 31/7/2010, Investigations into the affairs of 44 companies have been referred by the Ministry to Serious Fraud Investigation Office.

(b) Prosecutions have been filed in Courts for violations of Sections 81(1A), 193,205(1) r/w 205A(3), 211 r/w Sch-VI, 217,220, 269,295, 297,309,629 etc. of the Companies Act, 1956 and sections 406, 408, 409,418, 420, 468, 471, 477A of Indian Penal Code (IPC) against the entities/persons.

(c) & (d) Investigation has been ordered u/s 235 of the Companies Act, 1956 into the affairs of M/s Subhiksha Trading Services Ltd., to be carried out by Serious Fraud Investigation Office.

(e) & (f) Elaborate regulatory mechanism exists to deal with the matters relating to money laundering, auditing and other financial frauds under the following laws:

1. Prevention of Money Laundering Act, 2002.
2. Foreign Exchange Management Act, 1999.,
3. Companies Act, 1956.
4. Securities Contracts (Regulation) Act, 1956
5. Securities and Exchange Board of India Act, 1992.
6. Banking Regulation Act, 1949.
7. Income Tax Act, 1961.
8. Chartered Accountants Act, 1949.

In addition, provisions of Indian Penal Code and other Laws are applied wherever felt necessary.

(g) Does not arise.