

**GOVERNMENT OF INDIA
CORPORATE AFFAIRS
LOK SABHA**

UNSTARRED QUESTION NO:4515
ANSWERED ON:06.08.2009
LEGISLATIVE RECOGNITION TO SFIO
Khaire Shri Chandrakant Bhaurao

Will the Minister of CORPORATE AFFAIRS be pleased to state:

- (a) whether the Government is planning to give legislative recognition to the Serious Fraud Investigation Office (SFIO);
- (b) if so, the details thereof; and
- (c) the steps taken/proposed to be taken by the Government to tackle the issue of good corporate governance and transparency in companies in view of Satyam Computer financial scam?

Answer

THE MINISTER OF CORPORATE AFFAIRS(SHRI SALMAN KHURSHID)

(a) & (b) An Expert Committee on issues concerning Serious Fraud Investigation Office (SFIO) was constituted by the Ministry of Corporate Affairs under the Chairmanship of Shri Vepa Kamesam. The Committee has suggested for statutory recognition to SFIO. The report submitted by the Committee is under consideration of the Government.

(c) An elaborate regulatory framework is already in place under the Companies Act, 1956 to deal with corporate disclosures by the companies registered under the Act. This framework provides for statutory disclosures to the Stakeholders about the true and fair view of the state of affairs of the companies. To facilitate corporate disclosures, an e-governance system has been set up for filing of documents electronically with round the clock access, including public inspection of documents. The Government is empowered to inspect the books of accounts of a company and also to investigate its affairs, if need be, under the Companies Act, 1956. The companies are also required to disclose their financial position in accordance with Schedule VI of the Companies Act, 1956 and the Companies (Accounting Standard) Rules, 2006. Furnishing of false statement in any document required by or for the purpose of any of the provisions of the Act is punishable.

Further, the Companies Bill, 2009 introduced in the Lok Sabha on 3.8.2009, provides for a comprehensive revision of the provisions of the Companies Act, 1956 with more disclosure norms and transparency in the management of the companies.