

**GOVERNMENT OF INDIA  
CORPORATE AFFAIRS  
LOK SABHA**

UNSTARRED QUESTION NO:3171

ANSWERED ON:29.08.2013

FRAUDULENT ACTIVITIES BY COMPANIES

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

- (a) whether a number of cases of companies allegedly swindling people and engaged in fraudulent practices have come to light in the country;
- (b) if so, the details of such cases that have come to light or reported to the Government during the last three years and the current year;
- (c) the details of such cases registered for investigations and action taken out of these companies; and
- (d) the steps taken by the Government to curb such fraudulent activities in the country?

**Answer**

THE MINISTER OF STATE (INDEPENDENT CHARGE) (SHRI SACHIN PILOT) IN THE MINISTRY OF CORPORATE AFFAIRS

(a) to (c) The Ministry of Corporate Affairs has received complaints against certain companies for allegedly defrauding investors by offering high returns.

During the last three years and the current year, the Ministry has ordered investigations into the affairs of 125 such companies under sections 235/237 of the Companies Act, 1956 mostly through the Serious Fraud Investigation Office.

(d) This Ministry has already taken various steps to curb such malpractices, such as:-

- (i) The Minister has requested Chief Ministers of the States to issue instructions to State Police Authorities for taking vigorous action under the Prize Chits and Money Circulation Schemes (Banning) Act, 1978.
- (ii) The Minister has also written to the Hon'ble Finance Minister to increase the surveillance by RBI over unauthorized NBFCs.
- (iii) Undertaking investor awareness programmes in association with the Institute of Chartered Accountants of India, Institute of Company Secretaries of India and Institute of Cost Accountants of India, specifically targeting investors in tier II and tier III cities.
- (iv) Publication of a comprehensive guide in English and two smaller booklets in English, Hindi and 11 vernacular languages for use of investors. These booklets are distributed to all investors participating in the investor awareness programmes.
- (v) Issue of multi-lingual print media advertisements from time to time to caution the investors about fraudulent investment schemes.
- (vi) Undertaking media campaigns through DD News Channels and Regional Kendras of Doordarshan.
- (vii) Publishing a brief investors' awareness message on Post Office Savings Bank Passbooks.
- (viii) A system of sending bulk SMSs introduced cautioning investors to be careful while making investments.