

**GOVERNMENT OF INDIA
CORPORATE AFFAIRS
LOK SABHA**

STARRED QUESTION NO:307

ANSWERED ON:10.12.2009

CORPORATE FRAUDS

Basavaraj Shri Gangasandra Siddappa;Sule Supriya

Will the Minister of CORPORATE AFFAIRS be pleased to state:

(a) whether the Government has decided/proposes to set up a Specialized Research and Analysis wing to scrutinize media reports, corporate press releases and advertisements which can have a bearing on share prices of companies to avoid corporate frauds;

(b) if so, the details thereof; and

(c) the further steps proposed to be taken, if any, in this regard?

Answer

THE MINISTER OF CORPORATE AFFAIRS (SHRI SALMAN KHURSHID)

(a) to (c): A statement is laid on the Table of the Lok Sabha.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (c) OF LOK SABHA STARRED QUESTION NO. 307 FOR 10.12.2009 REGARDING CORPORATE FRAUDS.

(a) to (c): The Government has set up a Market Research and Analysis Unit in the Serious Fraud Investigation Office with the objective of improvements in the regulatory system in Corporate Sector. The unit will inter-alia perform following main functions:

(i) Repository of Information

To collect information from various sources including media, other investigating agencies, employees, investors, deposit holders, banks, financial institutions etc. and analyse the trends.

(ii) Improving investigation skills

To analyse all the completed investigation cases to see if investigation process was followed in letter and spirit. Any deviation and its resultant effect on the outcome of investigation would be brought out to form a base for further improvement in investigation skills.

(iii) Inputs for adopting best international practices

To study investigation cases carried out by the investigation departments of the respective agencies in other countries to analyse the procedure and systems followed in those countries. Investigation modules based on best international practices shall be developed by the Unit for guiding cases of investigation.

(iv) Coordination with other investigative agencies

To co-ordinate with other investigative agencies on continuous basis to collect the requisite information on managerial and corporate behavior. The information thus collected would be synthesised with the information collected through media and the data gathered from MCA-21 project. This information bank can be used to throw early alerts on deviation from the legally accepted behavior of the corporate entities.