

**GOVERNMENT OF INDIA  
CORPORATE AFFAIRS  
LOK SABHA**

UNSTARRED QUESTION NO:808

ANSWERED ON:09.07.2009

CASES REGISTERED UNDER FRAUD INVESTIGATION OFFICE

Nishad Capt.(Retd.) Jainarayan Prasad

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

- (a) the number of cases registered by the serious Fraud Investigation Office during the last three years;
- (b) the number of people against whom action has been taken in these cases till date;
- (c) the nature of the said cases and the details thereof;and
- (d) the action taken to prevent the recurrence of such cases in future?

**Answer**

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

(a) In all, 37 cases were referred to the Serious Fraud Investigation Office (SFIO) during the last three years i.e. during the years 2006-07, 2007-08 and 2008-09.

(b) Out of 37 cases referred to the SFIO,during the last three years, investigations in respect of 9 cases have been completed. The number of people in respect of three cases against whom action has been initiated are as follows :

Name of the Company	No. of People
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Morepan Laboratories Ltd	07
Shonk Technologies Ltd.	08
Shonk Technologies International Ltd.	10

Number of people in respect of other six companies will be known only after launching prosecutions.

(c) The nature/details of the nine cases referred to in para (b) above is given in Annex I. In respect of the remaining 28 cases, investigations are under progress.

(d) An elaborate regulatory framework is in place to deal with such incidents. This framework provides for statutory disclosures about the affairs of companies intended to inform the stakeholder the truth about the state of affairs of companies. To facilitate making of such disclosures by companies, and for stakeholders and regulatory agencies to easily access and view them, Government has set up an electronic registry with round the clock access through internet. The Government has powers of inspection of the books of accounts of companies and also to investigate their affairs, if need be, under the Companies Act, 1956. In addition, the Act provides for appointment of independent, statutory auditors to audit the accounts and report to the shareholders. Such audited accounts are also displayed on the electronic registry for general viewing. While the reporting requirements are regulated under the Companies Act, 1956, the conduct of auditors is regulated under the Chartered Accountants Act, 1949. In addition, for listed companies, compliance with these statutory requirements is required to be certified by a company secretary in practice, who in turn is regulated under the Company Secretaries Act, 1980. Government has amended the Chartered Accountants Act, 1949 and the Company Secretaries Act, 1980 in 2006 to provide for a more effective disciplinary mechanism to deal with cases of misconduct by Chartered Accountants, Company Secretaries respectively. In 2006, the Government has notified Accounting Standards to enable accounts of companies to be drawn up and disclosed on the basis of fair, transparent and internationally accepted principles. Government proposes to re-introduce Companies Bill, 2008 as the Companies Bill, 2009 which seeks to make more stringent provisions in cases of frauds by companies, their directors and auditors, etc.