

**GOVERNMENT OF INDIA
CORPORATE AFFAIRS
LOK SABHA**

UNSTARRED QUESTION NO:1333
ANSWERED ON:18.07.2014
CORPORATE FRAUDS
Dubey Shri Nishikant

Will the Minister of CORPORATE AFFAIRS be pleased to state:

- (a) whether the cases of frauds/illegal accounts and transactions by companies/corporate houses have come to the notice of the Government during each of the last three years and the current year;
- (b) if so, the details thereof;
- (c) whether the Government has conducted any enquiry/investigation in this regard;
- (d) if so, the details along with the outcome thereof and if not, the reasons therefor; and
- (e) the steps taken/being taken by the Government to curb such cases in the country?

Answer

THE MINISTER OF CORPORATE AFFAIRS (SHRI ARUN JAITLEY)

- (a) to (c) During the last three years (and this year up to 30-06-2014) the Ministry has ordered investigation into the affairs of 152 companies allegedly indulging in fraudulent/ illegal activities. Of these, 64 investigations have been completed and reports submitted to the Ministry while in 2 cases, investigations have been stayed by the Courts.
- (d) In respect of completed investigations, Ministry has ordered filing of prosecutions against companies/ directors/ officers in default on account of various non-compliances/ offences committed under the Companies Act, 1956 and other Statutes, as recommended in the investigation reports.
- (e) Steps taken by the Ministry include:
 - i) Setting up a Market Research and Analysis Unit (MRAU) in the Serious Fraud Investigation Office (SFIO) with the objectives of analyzing media reports relating to financial frauds and for conducting market surveillance of such corporates.
 - (ii) A forensic lab with appropriate technology and skilled technical manpower has also been set up in the SFIO as part of MRAU.
 - (iii) An 'Early Warning System' is being developed that would generate alerts for analysis and early detection of potential frauds. A pilot testing was carried out during the year 2013-14.