

Government of India
Ministry of Finance
Department of Revenue

LOK SABHA
UNSTARRED QUESTION NO. 4110
TO BE ANSWERED ON FRIDAY, AUGUST 10, 2018
SHRAVANA 19, 1940 (SAKA)

FINANCIAL IRREGULARITIES/FRAUD

4110: SHRI NALIN KUMAR KATEEL:

SHRI B.N. CHANDRAPPA:

SHRI D.K. SURESH:

Will the Minister of Finance be pleased to state:

- a) the number of cases of financial irregularities/fraud identified by various agencies of the Government during the last three years and the current year;
- (b) the number of persons/companies punished till date under various agencies including Enforcement Directorate;
- (c) whether the Government has successfully recovered the loss suffered by the exchequer due to fraud/irregularities committed in such cases and if so, the details thereof;
- (d) whether the Government is taking stringent measures to ensure that such irregularities do not occur in future, if so, the details thereof; and
- (e) the response of the Government in this regard?

ANSWER
MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI SHIV PRATAP SHUKLA)

(a) to (c): The details of cases of financial irregularities/fraud identified, persons/companies punished by various agencies of the Government during the last three years and current year and recovery made are given at **Annexure**.

(d) and (e):- Yes Madam. The Income-tax Department takes appropriate action against persons involved in tax evasion and against black money which is an on-going process. Such action under the direct tax laws includes searches, surveys, enquiries, assessment of income, levy of penalties and filing of prosecution complaints before criminal courts, wherever applicable.

Further, Directorate of Revenue Intelligence(DRI) is committed to curb financial irregularities/fraud to safeguard government revenue and taking all possible steps in this regard.

The government has taken stringent measures to ensure compliance with accounting and auditing standards; compliance relating to statutory filings under various provisions of the act; discharge of duties assigned to the board of directors and board committees such as audit

committee, nomination and remuneration committee; duties of independent directors and statutory auditors; mandatory disclosures with reference to related party transactions; other disclosures required in annual report and financial statement; disclosures to the shareholders etc.

There were instances of big time offenders, including economic offenders, fleeing the country to escape the reach of law. In order to address the inadequacies and to provide an effective process and lay down measures to deter economic offenders from evading the process of Indian law by remaining outside the jurisdiction of Indian courts, the Fugitive Economic Offenders Act, 2018 has been enacted.

For enforcement of auditing standards and ensuring the quality of audits, Government has initiated establishment of National Financial Reporting Authority as an independent regulator.

To send a clear message that borrowers cannot wilfully default and continue to enjoy ownership of their assets, wilful defaulters and connected persons have been debarred from participating in the resolution process under the Insolvency and Bankruptcy Code (IBC).

Launch of Central Fraud Registry (CFR), a web based searchable database of frauds reported by the banks, containing data for the last 13 years has been made operational by RBI in January, 2016.

Ministry of Home Affairs has constituted an Inter-Ministerial Committee on Phone Fraud (IMCPF) having members of all stakeholder organizations, namely, Ministry of Electronics & Information Technology, Department of Financial Services, Department of Telecommunication, Reserve Bank of India and Law enforcement agencies, to address the problem. FCORD-FICN Coordination agency has been designated as Central Nodal Agency for this purpose and ADGP/IGP crime in each State/UT as the State Nodal Officer.

ANNEXURE

The details of number of cases of financial irregularities/fraud identified, persons/companies punished and recovery by various agencies of the Government during last three years and current year are given as under:-

Central Board of Direct Taxes (CBDT):-

Search & Seizure:-

Financial Year	Number of groups searched	Total assets seized (Rs. in Crore)	Undisclosed income admitted (Rs. In Crore)
2014-15	545	761.70	10228.05
2015-16	447	712.32	11226.02
2016-17	1152	1469.45	15496.73
*2017-18	581	997.17	15754.95

*Figures are provisional

Prosecutions Filed:-

Financial Year	Prosecution cases filed in court	No. of cases in which court passed conviction order
2014-15	669	34
2015-16	552	28
2016-17	1252	16
2017-18	4524	75

Enforcement Directorate(ED):-

Enforcement Directorate has identified 376 cases. Total value of attachments / seizure etc. is Rs 30434.63 crore. The said attachments / seizure etc. are subject to final outcome of the order of the Hon'ble Court/ Authority. Further investigations are ongoing process.

Directorate of Revenue Intelligence (DRI):-

Financial Year	No of cases* Detected	Duty involved (Rs. in crore)	No. of arrest	Duty recovered** (Rs. in crore)
2015-16	437	5971.09	57	500.09
2016-17	561	2653.70	78	467.03
2017-18	847	2892.24	85	956.03
2018-19 (upto July18)	181	1297.59	15	724.63
*Involving fraud etc.				
** in cases involving fraud etc.				
The above mentioned cases are only those cases in which extended period has been invoked.				

Directorate General of GST Intelligence: - Details of financial irregularities/fraud in cases of Central Excise, Services tax and Goods and Services Tax(GST) are as under:-

Financial Year	Detection		Recovery		No. of persons arrested
	No. of Cases	Amount (Rs. In Crore)	No. of Cases	Recovery (Rs. In Crore)	
2015-16	1550	12112.5	1067	1975.4	14
2016-17	2011	15074.1	1224	2449.5	13
2017-18	237	1332.6	93	354.9	23
2018-19 (upto June'2018)	155	727.1	127	475.8	9

Serious Fraud Investigation Office(SFIO):

The details of investigations assigned to SFIO during the last three years and current year are as under:

Financial Year	Total Cases
2015-16	23 involving 184 entities
2016-17	25 involving 111 entities
2017-18	21 involving 225 entities
2018-19 (Till Date)	13 involving 186 entities

Registrar of Companies(ROCs):-

The following investigations have also been assigned to Regional Directors (RDs) and Registrars of Companies (ROCs):

Financial Year	Total Cases
2015-16	02
2016-17	03
2017-18	119
2018-19 (till date)	83

Till date, 19 persons/companies have been convicted in 91 criminal complaints cases.

Central Bureau of Investigation(CBI):- CBI has registered the following cases:-

Financial Year	Total no. of cases of financial irregularities/fraud registered
2015	305
2016	395
2017	497
2018(upto 30.06.18)	190
