

**GOVERNMENT OF INDIA
MINISTRY OF CORPORATE AFFAIRS**

**RAJYA SABHA
STARRED QUESTION NO. 548
ANSWERED ON MONDAY, THE 6TH MAY, 2013**

CORPORATE FRAUDS

QUESTION

*548. SHRI NARESH AGRAWAL:

Will the Minister of CORPORATE AFFAIRS be pleased to state:

- (a) whether cases of fraud/ illegal transaction and accounts have been reported against some companies;
- (b) if so, whether Government is investigating these cases;
- (c) if not, the reasons therefor;
- (d) the details of such cases, year-wise; and
- (e) the details of the steps Government has taken to stop cases of corporate frauds?

ANSWER

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

(SHRI SACHIN PILOT)

(a) to (e) A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (e) OF THE STARRED
QUESTION NO. 548 FOR ANSWER IN RAJYA SABHA ON 06-05-2013

(a) to (c) Yes, Sir.

(d) From the years 2009-10 to 2013-14 (till date), 132 cases of fraud/ illegal transaction have been brought to the notice of this Ministry. Action taken in respect of these cases is as follows:

(i) in 89 cases, investigation under Section 235 of the Companies Act, 1956 into the affairs of the companies has been ordered through the Serious Fraud Investigation Office (SFIO). Year-wise details are as follows:

Year	No. of companies ordered for investigation
2009-10	07
2010-11	01
2011-12	08
2012-13	19
2013-14 (Till date)	54
Total	89

(ii) in 21 cases, inspection of the books of accounts and other records has been ordered under section 209A of the Companies Act, 1956;

(iii) in 08 cases, the concerned Registrars of Companies (RoCs) have been asked to scrutinise the Balance Sheets and other documents;

(iv) complaints of fraud against 12 companies, which launched 'Collective Investment Schemes (CIS)' or collected money by promising high returns but became dormant and did not refund the money, have been referred to Securities and Exchange Board of India (SEBI) which is the regulator of such schemes and Economic Offences Wing of the respective State Governments; and

(v) In 2 cases, companies are under liquidation.

(e) Measures taken by the Ministry of Corporate Affairs for early detection of potential corporate frauds, include:

(i) Developing a "Fraud Prediction Model" (FPM) that would generate alerts for analysis and early detection of potential frauds. A Steering Committee consisting of domain experts has been set up by the Ministry to suggest a comprehensive framework for developing such a model.

(ii) Strengthening the Market Research & Analysis Unit (MRAU) of Serious Fraud Investigation Office (SFIO) through induction of new technology and skilled manpower.
