

GOVERNMENT OF INDIA
MINISTRY OF CORPORATE AFFAIRS
LOK SABHA
UNSTARRED QUESTION NO. 4877
ANSWERED ON FRIDAY, THE 31ST MARCH, 2017
[CHAITRA 10, 1939 (SAKA)]
FLOUTING OF ACCOUNTING NORMS
QUESTION

4877. SHRI B. SRIRAMULU:

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

- (a) whether instance of audit firms/companies indulging in flouting of accounting principles and financial irregularities have come to the notice of the Government in the country during each of the last three years and the current year;**
- (b) if so, the details thereof and the number of such cases reported in the country during the above period along with the action taken/being taken by the Government against such firms/companies, firm/company and State/UT-wise;**
- (c) the losses suffered by the Government due to such violations during the said period; and**
- (d) the corrective measures taken/ being taken by the Government in this regard?**

ANSWER

THE MINISTER OF STATE IN THE (SHRI ARJUN RAM MEGHWAL)
MINISTRY OF CORPORATE AFFAIRS

(a) to (d): Details of cases that have come to notice during 2013-14 and 2014-15 are given at Annexure-I. The information for the years 2015-16 and 2016-17 is being collected. No specific instance of financial loss under the Companies Act on account of these irregularities has come to notice.

In such cases appropriate provisions for non-compliance of Companies Act, are invoked, which include section 227 read with section 233 of Companies Act, 1956/ section 143 read with section 147 of the Companies Act, 2013. In addition, wherever required, a reference is made to the Institute of Chartered Accountants of India for disciplinary action against the erring auditor. The Companies Act, 2013 has preventive provisions for such irregularities by auditors. These include:-

- (i) stricter penal provisions in case of non-compliance with provisions of the Act;**

- (ii) stricter requirements with regard to eligibility/independence of auditors;**
- (iii) mandatory rotation of auditors;**
- (iv) prohibition on rendering specified non-audit services;**
- (v) role of audit committee with regard to appointment and remuneration of auditors in case of listed companies and companies satisfying specified criteria; and enhanced disclosures to be made in the Board of directors' report, financial statements and the report of auditors to the shareholders.**

Annexure-I

**ANNEXURE REFERRED TO IN REPLY TO PARTS (a) to (d) OF THE
UNSTARRED QUESTION NO. 4877 FOR ANSWER IN LOK SABHA ON
31.03.2017**

Year-wise and State-wise details of cases of flouting of Accounting Principles and financial irregularities by Companies.

Sl. No.	Name of the State	Year	
		2013-14	2014-15
1.	Andhra Pradesh	01	01
2.	Assam	--	01
3.	Bihar	01	--
4.	Chandigarh	--	03
5.	Delhi	17	16
6.	Goa	03	--
7.	Gujarat	05	02
8.	Haryana	--	04
9.	Karnataka	22	02
10.	Madhya Pradesh	01	01
11.	Maharashtra	51	37
12.	Meghalaya	--	--
13.	Orissa	--	03
14.	Pune	01	--
15.	Rajasthan	02	--
16.	Tamil Nadu	03	--
17.	Uttar Pradesh	--	1
18.	West Bengal	49	50
19.	Kerala	--	--

Further, SFIO has reported that during the last three years and current year a total number of 50 cases were filed involving 45 companies through courts as well as 45 companies were filed with ICAI.
