

**GOVERNMENT OF INDIA  
MINISTRY OF CORPORATE AFFAIRS**

**RAJYA SABHA  
UNSTARRED QUESTION NO. 528  
ANSWERED ON TUESDAY, JULY 25, 2023**

**MEASURES TO CONTROL CORPORATE FRAUD CASES**

**QUESTION**

528 Shri Anil Desai :

Will the Minister of Corporate Affairs be pleased to state:

- (a) whether, in view of increasing cases of corporate fraud by directors / owners of the company, Government has taken adequate measures to arrest the trend;
- (b) whether there is any Government instructions / guidelines to verify the antecedent and integrity of to-be-appointed directors like Know Your Customers (KYC) for common bank depositors-Know your Director (KYD); and
- (c) if so, the details thereof and if not, the alternatives to save public money from the malpractices of the directors?

**ANSWER**

**The Minister of State (Independent Charge) of the Ministry of Statistics and Program Implementation; Minister of State (Independent Charge) of the Ministry of Planning and Minister of State in the Ministry of Corporate Affairs.**

**(RAO INDERJIT SINGH)**

- (a) Yes sir. The Government has taken adequate measures to arrest the trend. The government on a regular basis examining the cases of Corporate Fraud and ordering Inquiry, Inspection and Investigation (3i) to unearth the fraud.
- (b) and (c) : Directors in companies are allotted a DIN number which is mapped against their PAN. The Details in DIN and PAN are validated through API with CBDT for consistency.

Pursuant to Rule 12A of the Companies (Appointment and Qualification of Directors) Rules, every individual who holds a Director Identification number is required to submit, initially, eform DIR-3KYC which contains information about name, address, nationality, residency proof, Aadhar No., Passport No., Voter Identity Card No., Driving Licence No., email id and mobile number etc. of the individual. For subsequent years, a simplified DIR-3-KYC WEB form has been provided which needs to be submitted by such an individual annually.

Pursuant to implementation of the V3 version of MCA-21 modified web-based e-form DIR-3-KYC and DIR-3-KYC WEB relating to such KYC requirements of directors have been notified in August 2022.

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