

**GOVERNMENT OF INDIA
MINISTRY OF CORPORATE AFFAIRS**

**RAJYA SABHA
UNSTARRED QUESTION NO. 3412
ANSWERED ON TUESDAY, 01ST APRIL, 2025**

Corporate Frauds in the Country

3412. Dr. M. Thambidurai :

Will the Minister of Corporate Affairs be pleased to state:

- (a) Whether it is a fact that there is an increasing number of corporate frauds in the country;
- (b) If so, the details thereof and the action taken by Government thereon;
- (c) Whether Government has taken any initiative to improve the corporate sector regulatory system;
- (d) If so, the details thereof and if not, the reasons therefor; and
- (e) Further action taken by Government to stop corporate fraud cases?

ANSWER

**THE MINISTER OF STATE OF THE MINISTRY OF CORPORATE AFFAIRS
AND MINISTRY OF ROAD TRANSPORT AND HIGHWAYS.**

**(SHRI
HARSH
MALHOTRA)**

(a) & (b) : The Ministry of Corporate Affairs takes action against frauds as defined under the Companies Act, 2013. Investigation in the matter of frauds are assigned to the Serious Fraud Investigation Office (SFIO), Regional Directors (RDs) of Ministry of Corporate Affairs under Section 212 and 210 of the Companies Act, 2013, respectively. No such verified information regarding an increase in the number of corporate fraud cases have been noticed by this Ministry.

(c) to (e) : SFIO, Registrar of Companies (ROC) have filed number of complaints before competent courts for fraud and cases are sub-judice where punishment or penalty is to be awarded.

The Government set up SFIO through a Government Resolution dated 2nd July, 2003 to look into cases of serious corporate fraud. The Central Government has

ordered and assigned to SFIO investigation cases involving companies where alleged fraudulent activities by corporates were reported. In addition, the Government has taken a number of other measures to curb and prevent corporate frauds as under:-

(i) 'Fraud' as a substantive offence has been introduced in the Companies Act, 2013;

(ii) It has been made mandatory for every existing or prospective directors to obtain a "Directors Identification Number" (DIN);

(iii) In case of incorporation of new company or change of address of an existing company, the Ministry has made it mandatory for professionals to verify details of the company and to personally visit their premises and certify that the premises are at the disposal of the company;

(iv) The Ministry has also undertaken pre-emptive measures aimed at sensitizing persons through investor awareness programme which are organized regularly in association with the three professional institutes namely Institute of Chartered Accountants of India (ICAI), Institute of Cost Accountants of India (ICoAI) and Institute of company secretaries of India (ICSI) in various cities.

(v) Ministry of Corporate Affairs has also initiated KYC Norms for Directors and companies.
