

GOVERNMENT OF INDIA  
MINISTRY OF CORPORATE AFFAIRS

RAJYA SABHA  
UNSTARRED QUESTION NO. 2613  
ANSWERED ON TUESDAY, AUGUST 12, 2025

RBI'S MASTER DIRECTION ON FRAUD

QUESTION

2613. Smt. Priyanka Chaturvedi:

Will the Minister of CORPORATE AFFAIRS be pleased to state:

- (a) whether Government maintains any data regarding the number of corporate entities in the country sued by the RBI's Master Direction on Frauds during the last five years, if so, the details thereof and the companies sued;
- (b) the steps taken by Government to reimburse the amount lost due to fraudulent practices of those corporate entities with the amount recovered, company-wise;
- (c) the steps taken by the Ministry to minimise the opening of fraudulent accounts and shell accounts; and
- (d) the total amount lost in the financial system due to fraudulent transactions of the companies during the last five years?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF CORPORATE AFFAIRS; MINISTER OF  
STATE IN THE MINISTRY OF ROAD TRANSPORT AND HIGHWAYS

(SHRI HARSH MALHOTRA)

- (a): No such data is maintained by this Ministry.
- (b): Does not arise in view of (a) above.
- (c): To prevent money laundering through the banking system, Reserve Bank of India has issued 'Know Your Customer' (KYC), Anti-Money Laundering (AML) and Combating Financing of Terrorism (CFT) guidelines. Master Direction on Know Your Customer (KYC), 2016 (Updated as on June 12, 2025) lays down detailed requirements for Customer Due Diligence (CDD), ensuring that Regulated Entities undertake proper identification and verification at the time of onboarding of customers and maintain continuous monitoring thereafter. Ongoing due diligence, including periodic KYC updates, transaction monitoring, and scrutiny of high-risk accounts, ensures that any inconsistencies of unusual patterns are promptly identified and addressed. These measures not only enhance the integrity of the financial system but also play a critical role in detecting and preventing the misuse of accounts, such as their operation as mule accounts by fraudsters, thus supporting both compliance objectives and the broader fight against financial crime.

(d): This Ministry on receipt of references from CEIB, FMRs from RBI, IBBI, CBI etc or on the basis of Inquiry, Inspection or Investigation under the Companies Act, 2013 in case of fraud, in addition to prosecution under the Companies Act, 2013 also takes action for disgorgement of personal assets of directors/ Key Managerial Personnel etc by filing petitions before the Hon'ble NCLT. Similarly, under IBC 2016, the Resolution Professional takes action on the basis of transaction audit report or forensic report of cases relating to undervalue transactions, preferential transactions, avoidance transactions or fraudulent transactions on routine basis. Data of quantified fraud is not maintained centrally.

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