

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF EXPENDITURE

LOK SABHA
UNSTARRED QUESTION NO.3999

ANSWERED ON FRIDAY, 9th DECEMBER, 2016
18th AGRAHAYANA, 1938 (SAKA)

FINANCIAL CRIMES COMMITTED BY THE COMPANIES

†3999. DR. MANOJ RAJORIA:

Will the Minister of FINANCE be pleased to state:

- (a) the details of the guidelines/instructions issued by the Government/Reserve Bank of India (RBI) to check financial frauds committed by the companies/firms ;
- (b) the number of cases registered and the guilty punished during each of the last three years and the current year, case-wise; and
- (c) the remedial measures taken by the Government in this regard?

ANSWER
MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI ARJUN RAM MEGHWAL)

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

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (c) OF LOK SABHA UNSTARRED QUESTION NO. 3999 BY DR. MANOJ RAJORIA TO BE ANSWERED ON 9TH DECEMBER, 2016 REGARDING FINANCIAL CRIMES COMMITTED BY THE COMPANIES

(a) to (c): Reserve Bank of India (RBI) issues from time to time detailed guidelines/instructions which are available on its website/web-portal, to check financial frauds committed by companies/firms.

During the last three years and current year (up to 31-10-2016), the Ministry of Corporate Affairs has ordered investigation into the affairs of companies where corporate frauds, involving illegal collection of deposits/ funds from public, diversion, misutilisation of funds as well as manipulation of books of accounts and other records, etc., have come to light. These investigations have been ordered under the relevant provisions of the Companies Act, 1956 and 2013 through Serious Fraud Investigation Office (SFIO) of the Ministry of Corporate Affairs. Year-wise details of the cases referred to SFIO during the last three years and the current year (upto 31.10.2016) are as follows:

Year	Investigations referred to SFIO
2013-14	83
2014-15	71
2015-16	184
2016-17	52
Total	390

Further, during the last three years and in the current year, SFIO has filed 258 prosecutions in various Courts. In this period, 163 number of cases have been disposed of by the courts, of which there has been successful conviction in 77 cases wherein punishment including imprisonment to directors as well as of fines have been imposed.

The Government has taken various measures to strengthen the SFIO to check fraud/irregularities by companies, including:

- (i) the term "Fraud" has been defined in the Companies Act, 2013;
- (ii) Statutory status to the SFIO;
- (iii) Increasing application of technology for early detection of frauds through data mining and Forensic Audit, etc.
