

**GOVERNMENT OF INDIA
MINISTRY OF CORPORATE AFFAIRS
LOK SABHA
STARRED QUESTION NO. 243
ANSWERED ON FRIDAY, THE 3RD AUGUST, 2018
[SHRAVANA 12, 1940 (SAKA)]
CORPORATE GOVERNANCE**

QUESTION

***243. SHRI BHARTRUHARI MAHTAB:
SHRI SANJAY DHOTRE:**

Will the Minister of CORPORATE AFFAIRS

कारपोरेट कार्य मंत्री

be pleased to state:

- (a) whether cases of violation of corporate governance requirements as prescribed by the Companies Act, 2013 have come to the notice of the Government during each of the last three years and the current year;**
- (b) if so, the details thereof, company-wise and the reasons therefor along with the action taken against such companies so far;**
- (c) whether cases of corporate scams/ scandals have increased in the country during the said period;**
- (d) if so, the details thereof, company-wise and the reasons therefor along with the nexus unearthed between bureaucrats and corporate houses in such cases, company-wise; and**
- (e) the steps taken/being taken by the Government to ensure strict compliance of corporate governance requirements and protect minority stakeholders from the ill-effects of poor corporate governance?**

ANSWER

THE MINISTER OF CORPORATE AFFAIRS (SHRI PIYUSH GOYAL)

कारपोरेट कार्य मंत्री

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

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (e) OF THE STARRED QUESTION NO.243 FOR ANSWER IN LOK SABHA ON 03.08.2018:

(a) & (b): Yes, Madam. The Companies Act, 2013 (the Act) contains an elaborate framework for dealing with minor and major violations of the Act. There are 114 sections dealing with defaults as detailed below:

Nature of violation	No. of Section(s) of the Act
Adjudication (In-House)	18
Compoundable	81
Non Compoundable	35

The major compliances related to Corporate Governance include compliance with accounting and auditing standards; compliance relating to statutory filings under various provisions of the Act; discharge of duties assigned to the Board of Directors and Board Committees such as Audit Committee, Nomination and Remuneration Committee; duties of Independent Directors and Statutory Auditors; mandatory disclosures with reference to related party transactions; other disclosures required in Annual Report and Financial Statement; disclosures to the shareholders etc. Based on complaints received details of inquiries, inspections and investigations instituted by the Government during the last three years and current year are as detailed below:

Year	Inquiries	Inspections	Investigations
2015-16	402	155	02
2016-17	456	127	03
2017-18	1822	56	119
2018-19 Upto 30.06.2018	271	39	83
Total	2951	377	207

Further, details of prosecutions filed by the Registrars of Companies (RoCs) during aforesaid period are as follows:

Year	Total number of prosecutions filed by RoCs for various violations of the Act.
2015-16	1830
2016-17	4522
2017-18	4124
2018-19 (Upto 30.06.2018)	399

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(c) & (d): Government has established Serious Fraud Investigation Office (SFIO) to look into serious corporate frauds. The details of investigations assigned to SFIO and reports submitted by it and prosecutions filed by it are as detailed below:

Year	Total Investigation cases assigned to SFIO	Total Investigation reports submitted by SFIO	Total number of prosecutions filed by SFIO for various violations of the Act.
2015-16	23	09	53
2016-17	25	14	23
2017-18	21	05	15
2018-19 (Upto 30.06.2018)	13	02	02

(e): Government has taken several steps to improve corporate governance which include nationwide drive to strike off inactive companies; disqualification of defaulting directors; e-KYC for directors, monitoring compliance of corporate social responsibility obligation; transfer of unclaimed dividend and shares to Investors Education and Protection Fund etc.
