

LOK SABHA UNSTARRED QUESTION NO. 2774

TO BE ANSWERED ON FRIDAY, AUGUST 3, 2018/SHRAVAN 12, 1940 (SAKA)

REPRESENTATION FROM WHISTLEBLOWERS AT MSEI

QUESTION

2774 : Dr. KIRIT SOMAIYA

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has received any representation from whistleblowers at Metropolitan Stock Exchange of India (MSEI) regarding irregularities and fraud that amounted to hundred of crores;
- (b) if so, the details thereof;
- (c) the magnitude of the fraud and the name of persons involved in it; and
- (d) the action taken by the Government in the matter so far?

ANSWER

**MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI PON. RADHAKRISHNAN)**

(a): Yes, Sir. Government as well as Securities and Exchange Board of India (SEBI), the regulator for securities market in India, has received complaints from whistleblowers at Metropolitan Stock Exchange of India Ltd. (MSEI) regarding irregularities and fraud of different nature.

(b) & (c): Complaints from two whistleblowers have been received highlighting, inter alia, issues relating to governance, mismanagement, flouting of rules/laws, personnel related issues and on siphoning/misappropriation of funds at MSEI, the quantum of which is not yet ascertained. In their complaints, the whistleblowers have levelled allegations against officials of the exchange which include MD and CEO. Allegations have also been levelled against brokers.

(d): The complaints have been examined in detail by SEBI and as an interim measure, directions have been issued to the Governing Board of MSEI, inter alia, to constitute a Committee of Public Interest Directors (PIDs) to examine all the allegations levelled by whistleblowers against the management of MSEI, and based on the recommendations of the Committee of PIDs, to take suitable action against the entities/persons found to be involved in the malpractices. MSEI has engaged the services of forensic auditor for the purpose of examination, including on assessing the actual magnitude of fraud. Allegations against brokers are separately looked into. Further, the MD & CEO of MSEI has been directed to proceed on an indefinite leave to ensure fair and uninterrupted examination of the charges levelled in the complaints of the whistleblowers.