

**GOVERNMENT OF INDIA  
MINISTRY OF CORPORATE AFFAIRS**

**LOK SABHA  
STARRED QUESTION NO. \*233  
ANSWERED ON MONDAY, THE MARCH 17, 2025  
[PHALGUNA 26, 1946 (SAKA)]**

**FRAUD CASES REFERRED TO SFIO**

**QUESTION**

**\*233 Shri K Sudhakaran:**

**Will the Minister of CORPORATE AFFAIRS be pleased to state:**

- (a) whether the Government has identified companies under investigation for financial irregularities exceeding Rs. 1,000 crore during the last two years and if so, the details thereof;**
- (b) whether the Government is considering amendments to the Insolvency and Bankruptcy Code (IBC) to prevent misuse by wilful defaulters and the expected timeline for such reforms;**
- (c) the number of corporate fraud cases referred to the Serious Fraud Investigation Office (SFIO) during the last five years and the conviction rate achieved;**
- (d) whether the Government has assessed the effectiveness of Corporate Social Responsibility (CSR) mandates particularly in ensuring companies comply with funding obligations and the penalties imposed for non-compliance; and**
- (e) whether the Government has proposed stricter ESG (Environmental, Social and Governance) reporting norms for publicly traded companies and the enforcement mechanism for ensuring compliance?**

**ANSWER**

**THE MINISTER OF FINANCE AND CORPORATE AFFAIRS  
(SHRIMATI NIRMALA SITHARAMAN)**

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

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**STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (e) OF LOK SABHA STARRED QUESTION No. 233 FOR 17<sup>th</sup> MARCH, 2025 REGARDING “FRAUD CASES REFERRED TO SFIO”.**

**(a) The Ministry of Corporate Affairs takes action against frauds as defined under the Companies Act, 2013. Investigation in matter of serious frauds are assigned to the Serious Fraud Investigation Office (SFIO) under Section 212 of the Companies Act, 2013 on the basis of report of the Registrar or Inspector or on receiving intimation of a special resolution passed by the company or in public interest or on the request of any Department of the Central Government or State Government. These cases may include companies under investigation for financial irregularities exceeding Rs. 1,000 crore as the exact quantum of financial irregularities is not definite at the time of order of investigation.**

**(b) Section 29A of IBC already provides that a person shall not be eligible to submit a resolution plan, if such person, or any other person acting jointly or in concert with such person is a wilful defaulter in accordance with the guidelines of the Reserve Bank of India issued under the Banking Regulation Act, 1949. Further, at present there is no proposal before the Government to amend IBC in this regard.**

**(c) Since the Financial Year 2019-2020 to 2023-2024, 72 number of cases were referred to Serious Fraud Investigation Office (SFIO) for investigation. Further 69 number of complaints were filed out of which 43 complaints included complaint u/s 447 of the Companies Act, 2013. In this period, fine was imposed in 114 cases , 20 cases were compounded and in 9 cases fine and imprisonment were (till rising of courts) ordered.**

**(d) Under Section 135 of the Companies Act 2013, every CSR mandated company has to constitute a CSR Committee. The Committee shall formulate and recommend the CSR policy and the Board of the company plans, decides, executes and monitors the CSR activities. The Board is required to disclose the CSR Policy in its Board report and it as to satisfy itself that the funds so disbursed have been utilised for the purposes and in the manner as approved by it, and the Chief Financial Officer or the person responsible for financial management shall certify to the effect.**

**The details of CSR activities, Impact Assessment etc. are required to be reported by the companies in the 'Annual Report on CSR' including an annual action plan on CSR. Further, those companies who have their websites are required to make disclosures such as composition of CSR Committee, CSR Policy and CSR projects approved by Board on their website.**

**The CSR framework is disclosure based and expenditure on CSR activities is required to be audited by the statutory auditors of the company. The Ministry has notified the Companies (Auditor's Report) Order, 2020, ("CARO, 2020") applicable from FY 2021-22 which requires auditors to state details of any unspent CSR amount. The Government does not issue any direction on which activity or area Company shall spend. The companies are required to disclose the contents of its CSR Policy in its report and place it on the company's website. Thus, the corporate governance framework along with the existing legal provisions such as mandatory disclosures, accountability of the CSR Committee and the Board, provisions for statutory audit of accounts of the company etc. provide adequate safeguards for CSR activities implemented by the companies. Whenever violation of CSR provisions is reported, action against such non-compliant Companies is initiated as per provisions of the Act after due examination of records and following due process of law.**

**(e) In March 2019, new principles called the National Guidelines on Responsible Business Conduct (NGRBCs) were released by the Ministry of Corporate Affairs (MCA). Subsequently, MCA constituted a Committee on Business Responsibility Reporting ('Committee'), of which SEBI was a member, for finalising sustainability reporting formats, based on the framework of the NGRBCs.**

**Based on the recommendations of the Committee, extensive stakeholder consultation and global benchmarking, in 2021, SEBI mandated the top 1000 listed companies (by market capitalization) to make ESG disclosures as per the Business Responsibility and Sustainability Report (BRSR) from FY 2021-22 on a voluntary basis and mandatorily from FY 2022-23.**

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