

**Government of India
Ministry of Corporate Affairs**

**LOK SABHA
UN-STARRED QUESTION NO. 3885
ANSWERED ON MONDAY, MARCH 24, 2025**

Allegations of Financial Misconduct and Bribery against Corporate Entities

Question

3885 Shri Aashtikar Patil Nagesh Bapurao.

Will the Minister of CORPORATE AFFAIRS

Be please to state:

- (a) whether the Government is aware of the recent allegations of financial misconduct, irregularities, tax evasion and bribery involving major corporate entities;**
- (b) if so, whether the Government has initiated any inquiry or directed concerned regulatory bodies such as SEBI, SFIO and NFRA to investigate these allegations and the steps taken by the Government against such companies;**
- (c) whether the Government plans to amend existing corporate laws to prevent such incidents and to ensure corporate transparency and financial accountability in the future;**
- (d) whether the Government is aware of the impact of corporate frauds and financial scams on local investors, employees and small businesses and if so, the steps taken by the Government to safeguard investor confidence and protect stakeholders including small investors and employees from financial frauds and corporate misgovernance along with the details of relief provided to compensate them: and**
- (e) the steps taken by the Government to increase financial literacy and awareness among small investors?**

Answer

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

[SHRI HARSH MALHOTRA]

(a)&(b) The Ministry of Corporate Affairs (MCA) is responsible for implementation of the Companies Act, 2013 and LLP Act 2008. These Acts have provisions that mandate certain actions pertaining to the operations and management of companies and LLPs by the various Stakeholders. Regulatory action is provided for in cases of non compliances amounting to offences under the respective provisions of the Acts. On receipt of complaints or references regarding non compliances of Companies Act 2013, the Central Government may, depending on the gravity of the violations and in the public interest, order an inquiry, inspection or investigation under section 206(4), 206(5), 210(1) as detailed in chapter V of the Companies Act 2013. For inspection of LLPs, Section 206(5) of Companies Act 2013 pertaining to inspection of books of accounts has been made applicable to LLPs as per notification dated 11-02-2022. Investigation of LLPs may be considered under section 43 (3)(c) of the LLP Act 2008. In cases of serious fraud where the Central Government is of such opinion, cases may be assigned to the Serious Fraud Investigation Office (SFIO) for investigation u/s 212 of the Act. Wherever applicable, findings of Inquiry, Inspection and investigation are also shared with other agencies such as NFRA, SEBI, Income Tax Department, GST authorities and other agencies as the case may be so that they may take up necessary regulatory action under the relevant statutes.

(c) Presently there is no such proposal before the Government.

(d)&(e) The Companies Act, 2013 contains an elaborate framework for dealing with minor and major violations of the Act. The major compliances include those related to accounting and auditing standards, statutory filings under various provisions of the Act, discharge of duties assigned to the Board of Directors and Board Committees, role of auditors etc.

MCA has undertaken pro-active measures aimed at sensitizing stakeholders through investors awareness programs which are organized regularly in association with the three professional institutes namely Institute of Chartered Accountants of India (ICAI), Institute of Cost Accountants of India (ICoAI) and Institute of Company Secretaries of India (ICSI) in various cities. Further, as per Section 125(3) (b) of the Companies Act, 2013, the Investor Education Fund and Protection Authority(IEPFA) is mandated to utilize the IEPF Fund for the promotion of investor education, awareness and protection, acknowledging the importance of financial literacy among the masses in general. The Investor Awareness Programmes (IAP) conducted by IEPFA are generic in nature which aims to educate and protect investors,

especially regarding savings, budgeting, investments and a simple introduction to capital markets in general, ensuring that investor education reaches a broad audience across the country. Under these IAPs, financial literacy and awareness are imparted by organising camps. Further, “Niveshek Didi” is an innovative initiative through Indian Post Payments Banks(IPPB) wherein the trained lady dakiyas are employed to organise camps, targeting underserved women.

The Securities and Exchange Board of India (SEBI) in co-ordination with Market Infrastructure Institutions (MIIs) i.e. Exchanges and Depositories, also carries out various investor education and awareness program across different parts of country. A dedicated website <https://investor.sebi.gov.in/> is maintained for educational and awareness material for investor awareness. SEBI has launched on March 18, 2024 a free, voluntary online exam “SEBI Investor Certification Examination” designed to enhance investor awareness and knowledge. This online exam helps in enhancing investors' understanding of the investment process and the associated risks in the securities market and thus promote an efficient approach to investment aligned with the risk appetite of the investor.

Under the National Strategy for Financial Inclusion, Reserve Bank of India (RBI) has issued guidelines for financial literacy through setting up of Financial Literacy Centres (FLCs) by Lead Banks at District level and Centre for Financial Literacy (CFLs) at Block level across the country. In terms of these guidelines, banks have been regularly conducting special camps through FLCs. Further, National Centre for Financial Education (NCFE), promoted by RBI along with Securities and Exchange Board of India (SEBI), Insurance Regulatory and Development Authority of India (IRDAI) and Pension Fund Regulatory and Development Authority (PFRDA), is regularly conducting Financial Education (FE) in collaboration with CFLs
