

**GOVERNMENT OF INDIA
MINISTRY OF CORPORATE AFFIARS
LOK SABHA
UN-STARRED QUESTION NO. 970
ANSWERED ON MONDAY, 10th FEBRUARY ,2025
MAGHA 21,1946 (SAKA).**

Increase in Cases of Corporate Frauds

970. SHRI ANUP SANJAY DHOTRE:

Will the Minister of CORPORATE AFFAIRS

be pleased to state:

- (a) whether the Government is aware that the cases of corporate fraud have increased in the country during the last five years;**
- (b) if so, the details thereof;**
- (c) the details of the punishment or penalty imposed on the defaulters during the said period; and**
- (d) the action taken/proposed to be taken by the Government to prevent such frauds?**

ANSWER

Minister of State in the Ministry of Corporate Affairs; Minister of State in the Ministry of Road Transport and Highways

(SHRI HARSH MALHOTRA)

(a) The Ministry of Corporate Affairs takes action against frauds as defined under the Companies Act, 2013. Investigation in matter of frauds are assigned to the Serious Fraud Investigation Office (SFIO), Reginal Directors (RDs) of Ministry of Corporate Affairs under Section 212 and 210 of the Companies Act, 2013, respectively. No such verified information regarding an increase in the number of corporate fraud cases in the last five years have been noticed by this Ministry.

(b) Details of cases assigned for Investigation to SFIO, RDs during the last five years is at Annexure.

(c) SFIO, Registrar of Companies (ROC) have filed number of complaints before competent courts for fraud and cases are sub-judice where punishment or penalty is to be awarded.

(d) The Government set up SFIO through a Government Resolution dated 2nd July, 2003 to look into cases of serious corporate fraud. The Central Government has ordered and assigned to SFIO investigation cases involving companies where alleged fraudulent activities by corporates were reported. In addition, the Government has taken a number of other measures to curb and prevent corporate frauds as under:-

(i) 'Fraud' as a substantive offence has been introduced in the Companies Act, 2013;

(ii) It has been made mandatory for every existing or prospective directors to obtain a "Directors Identification Number" (DIN);

(iii) In case of incorporation of new company or change of address of an existing company, the Ministry has made it mandatory for professionals to verify details of the company and to personally visit their premises and certify that the premises are at the disposal of the company;

(iv) The Ministry has also undertaken pre-emptive measures aimed at sensitizing persons through investor awareness programme 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.

(v) Ministry of Corporate Affairs has also initiated KYC Norms for Directors and companies.

**ANNEXURE REFERRED TO PART (b) IN REPLY OF LOK SABHA
UNSTARRED QUESTION NO. 970 FOR 10.02.2025**

Number of Companies under Investigation:

Financial Year	Companies under investigation by the Regional Directors	Cases under Investigation by the SFIO
2019-20	102	26
2020-21	65	20
2021-22	39	14
2022-23	205	07
2023-24	51	05
Total	462	72
