GOVERNMENT OF INDIA
MINISTRY OF CORPORATE AFFAIRS

RAJYA SABHA
UNSTARRED QUESTION NO. 957
ANSWERED ON TUESDAY, THE 02ND DECEMBER, 2014

INVESTIGATION OF CORPORATE FRAUDS

QUESTION

957. SHRI NARESH GUJRAL:

Will the Minister of CORPORATE AFFAIRS be pleased to state:

(a) whether Government is contemplating to form a separate agency to investigate corporate
frauds;

(b) if so, the details thereof;

(c) the number of corporate frauds detected and investigated by the Serious Fraud
Investigation Office (SFIO) and other investigative agencies during each of the last three years
and the current year, organization-wise;

(d) the number of convictions as a result thereof; and

(e) the corrective measures adopted by Government to preclude recurrence of corporate
frauds?

ANSWER

THE MINISTER OF CORPORATE AFFAIRS (SHRI ARUN JAITLEY)

(a) & (b) There is already a separate agency, the Serious Fraud Investigation Office (SFIO)
to investigate corporate frauds. It was set up through a Resolution dated 02.07.2003 to investigate
corporate frauds of serious and complex nature.

(c) & (d) The number of Companies investigated by SFIO during the last three years and
current year:

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of Companies</th>
</tr>
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<tbody>
<tr>
<td>2011-12</td>
<td>20</td>
</tr>
<tr>
<td>2012-13</td>
<td>22</td>
</tr>
<tr>
<td>2013-14</td>
<td>22</td>
</tr>
<tr>
<td>2014-2015 (Till 15.11.2014)</td>
<td>17</td>
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</tbody>
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Prosecutions are in progress in the appropriate Courts of Law.

(e) Government has taken a number of measures to curb and prevent corporate frauds, including:

(i) ‘Fraud’ as a substantive offence has been introduced in the Companies Act, 2013.

(ii) Statutory status to the Serious Fraud Investigation Office has been granted under the said
Act.

(iii) Stricter norms of Corporate Governance and their implementation under the Companies
Act, 2013.

(iv) Increasing application of technology for early detection of frauds through data analysis,
surveillance and usage of forensic tools, etc.

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