

**GOVERNMENT OF INDIA
MINISTRY OF CORPORATE AFFAIRS**

**LOK SABHA
STARRED QUESTION NO. 64
ANSWERED ON THURSDAY, THE 8TH AUGUST, 2013
[SRAVANA 17, 1935 (SAKA)]**

FRAUD PREDICTION MODEL

QUESTION

***64. SHRI YASHVIR SINGH:
SHRI NEERAJ SHEKHAR:**

Will the Minister of CORPORATE AFFAIRS कारपोरेट कार्य मंत्री be pleased to state:

- (a) whether the Government has developed a 'Fraud Prediction Model' to predict frauds by companies in view of the recent serious frauds in ponzi schemes;**
- (b) if so, the details thereof;**
- (c) the details of cases of serious fraud investigated by the Serious Fraud Investigation Office (SFIO) and report submitted thereon during each of the last three years and the current year, company-wise;**
- (d) whether the Government has taken any action on the reports submitted by the SFIO and if so, the details of the outcome thereof; and**
- (e) the other measures taken/ being taken by the Government to check frauds by unscrupulous companies?**

ANSWER

**THE MINISTER OF STATE
(INDEPENDENT CHARGE)
IN THE MINISTRY OF CORPORATE AFFAIRS**

(SHRI SACHIN PILOT)

कारपोरेट कार्य मंत्रालय में राज्य मंत्री (स्वतंत्र प्रभार)

(श्री सचिन पायलट)

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

**STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (e) OF THE STARRED
QUESTION NO. 64 FOR ANSWER IN LOK SABHA ON 08-08-2013**

(a) & (b) The Ministry is in the process of developing an early warning system (EWS) to identify and prevent potential frauds. A Committee of technical experts has recommended a framework for developing such system. The recommended framework is under consideration of the Ministry and it is proposed to pilot test the system recommended during the current financial year.

(c) Details of cases investigated by SFIO in the last three years and the current year are enclosed at Annexure-A.

(d) On the basis of recommendations made by the SFIO in its investigation reports, Government has been according sanctions for filing prosecutions under the Companies Act, 1956 and the Indian Penal Code 1860; referring cases for disciplinary action against professionals to the professional institutes concerned; and sharing reports with various regulators/ enforcement agencies, such as Securities and Exchange Board of India (SEBI), Reserve Bank of India (RBI), Income Tax Department, Enforcement Directorate (ED), etc., for taking appropriate action of violations pertaining to their respective statutes.

(e) The Government has taken several measures to check frauds by unscrupulous companies, such as:

- (i) Induction of technology to improve methods of investigation, including setting up a Forensic Lab within SFIO premises.**
- (ii) Signing of a Memorandum of Understanding by SFIO and the Ministry with the 'Financial Intelligence Unit – India (FIU-IND)', an agency under the Ministry of Finance for exchange of information relating to suspicious banking transactions;**
- (iii) Organising investor awareness programmes in association with professional institutes and other regulators, enforcement agencies and using the electronic media for sensitizing investors of the dangers of fraudulent financial schemes;**
- (iv) Strengthening of Inter-agency coordination with the recent decision to set up Inter-Ministerial Group with members from Ministry of Corporate Affairs, Department of Financial Services, RBI and SEBI with a view to speedily deal with fraud by unscrupulous companies;**
- (v) Incorporation of a provision in the Companies Bill to give SFIO statutory status to enable the organisation to more comprehensively investigate corporate fraud.**

ANNEXURE REFERRED TO IN ANSWER TO PART (c) OF STATEMENT REFERRED TO IN REPLY TO LOK SABHA STARRED QUESTION NO. 64 FOR 8TH AUGUST, 2013 REGARDING FRAUD PREDICTION MODEL**Names of companies in which investigations completed and reports submitted by SFIO during the last three years and the current year****2010-11**

S.NO.	NAME OF COMPANY	2011
1	M/s Nicco UCO Alliance Credit Ltd.	-12
2	M/s Information Technologies India Ltd.	
3	M/s PSG Developers & Engineers Ltd	
4	M/s Zent Software Ltd	
5	M/s Sugandh Estate & Investment Pvt. Ltd.	
6	M/s Amadhi Investments Ltd.	
7	M/s Welvet Financial Advisors Pvt Ltd.	
8	M/s AVI Telecom Ltd.	
9	M/s AVI Petroleum Ltd.	
10	M/s AVI Packaging (India) Ltd.	
11	M/s A&R Oil Mills Pvt. Ltd.	
12	M/s Rishi Spinners Ltd.	
13	M/s Rishi Financial Services Ltd.	

S.NO.	NAME OF COMPANY	2011
1	M/s Sesa Goa Ltd.	
2	M/s Sesa Industries Ltd.	
3	M/s Systems America (India) Ltd.	-1-
4	M/s Ambuja Cements Ltd.	
5	M/s ACC Ltd.	
6	M/s Ultratech Cement Ltd.	
7	M/s Megacity (Bangalore) Developers & Builders Ltd.	
8	M/s Rishi Oil & Fats Ltd (in Liqn.)	
9	M/s AVI Shoes Ltd (in Liqn.)	
10	M/s AVI Industries Ltd (in Liqn.)	
11	M/s Austral Coke & Projects Ltd.	
12	M/s Metlex Ceramic Ltd. (under liquidation)	
13	M/s City Limouzines (India) Ltd.	

14	M/s H.M. Dyeing Ltd.(under Liquidation)	2012-
15	M/s Palamoor Agro Complex Ltd.	13
16	M/s Goldquest International Pvt. Ltd.	2013-
17	M/s Questnet Enterprises India Pvt. Ltd.	14
18	M/s Dimensions Investment & Securities Ltd. (under liquidation)	*****
19	M/s Global Trust Bank	****
20	M/s Ganga Yamuna Finvest Pvt. Ltd.(in liquidation)	

S.NO.	NAME OF COMPANY
1	M/s Jayant Vitamins Ltd.
2.	M/s Vijay Associates
3.	M/s Mauve Farms Pvt. Ltd.
4.	M/s Lakshish Habitats Ltd. (under Liquidation)
5.	M/s Savitri Finlease Securities Ltd.
6.	M/s Jenson & Nicholson Financial Services Ltd.
7.	M/s Yusuf Properties Pvt. Ltd.
8.	M/s Pushkar Trading Co. Ltd. (under liquidation)
9.	M/s Triveni Infrastructure Development Co. Ltd. (under liquidation)
10.	M/s Ayushi Buildestates Pvt. Ltd.
11.	M/s Singh Contractors (I) Pvt. Ltd. (under liquidation)
12.	M/s Independent Mobile Infrastructure (P) Ltd. (In liquidation)
13.	M/s Omway Build Estate Pvt. Ltd.
14.	M/s Casion Finance & Investment (India) Ltd. (under liquidation)
15.	M/s Kush Print (P) Ltd. (in liquidation)
16.	M/s Abcindya Networks Pvt. Ltd.
17.	M/s Gennext Promoters Pvt. Ltd.
18.	M/s Sajjad Properties Pvt. Ltd.
19.	M/s Timber World Resorts and Plantation Pvt. Ltd. (in liquidation)
20.	M/s Life Business Project Pvt. Ltd. (Mr. Bhuvnesh Chaturvedi & Ors.)
21.	M/s DSS Mobile Communications Ltd. (under liquidation)
22.	M/s Mehak Vyapaar Pvt. Ltd.

S.NO.	NAME OF COMPANY
1.	M/s Kinematics Marketing (P) Ltd.
2.	M/s Reebok India Co. (Unlimited Liability Co.)