

Flouting of corporate governance norms in banking sector

2250. SHRIMATI KANIMOZHI: Will the Minister of CORPORATE AFFAIRS be pleased to state:

(a) whether Government has taken note of recent issues of allegedly flouting corporate governance norms in the banking sector, if so, the details thereof; and

(b) the measures taken or proposed to strengthen corporate governance standards and improve transparency in the banking sector?

THE MINISTER OF STATE IN THE MINISTRY OF CORPORATE AFFAIRS (SHRI P. P. CHAUDHARY): (a) and (b) The provisions relating to ensuring good corporate governance as enshrined in the Companies Act, 2013 ('the Act') are equally applicable to banks registered as a company under the Act.

The major compliances related to Corporate Governance include compliance with accounting and auditing standards; compliances relating to statutory filings under various provisions of the Act; discharge of duties assigned to the Board of Directors and Board Committees such as Audit Committee, Nomination and Remuneration Committee; duties of Independent Directors and Statutory Auditors; mandatory disclosures with reference to related party transactions; other disclosures required in Annual Report and Financial Statement; disclosures to the shareholders etc.

In addition, the banking Regulation Act, 1949, specifically applies to banking Companies. The Reserve Bank of India regulates banking companies, including business in which they are engaged; composition of Board of Directors, appointment of Chairman, Managing Director etc. maintenance of minimum paid-up capital and reserves, restriction on payment of dividend, control of advances; maintenance of cash reserves, asset quality review, submission of returns etc. The reserve bank of India has power to give directions in public interest. Recently the RBI issued directions to banking Companies to initiate insolvency proceedings under the insolvency and Bankruptcy Code 2016.

Check on corporate frauds

2251. SHRI KANAKAMEDALA RAVINDRA KUMAR: Will the Minister of CORPORATE AFFAIRS be pleased to state:

(a) whether Government has taken/is taking steps to check corporate frauds including MNCs across the country;

(b) if so, the details of the investigation undertaken by Government during the last three years;

(c) whether Government has levied penalty after such investigation; and

(d) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF CORPORATE AFFAIRS (SHRI P. P. CHAUDHARY): (a) and (b) Government has established Serious Fraud Investigation Office (SFIO) to look into serious corporate frauds including Multi-National Companies (MNCs). The details of investigations assigned to SFIO are as detailed below:—

Year	Total Investigation cases assigned to SFIO
2015-16	23 involving 184 entities
2016-17	25 involving 111 entities
2017-18	21 involving 225 entities

Further, the following investigations have also been assigned to Regional Directors (RDs) and Registrars of Companies (ROCs):—

Year	Total Investigation cases assigned to RDs and ROCs
2015-16	02
2016-17	03
2017-18	119

(c) and (d) During the last three years, 94 complaints/prosecution were disposed of by the various Courts by levying a total fine of ₹ 5,90,909. In addition to this, an amount of ₹ 61,32,500/- was collected as compounding fee as ordered by the Courts. Further, in one case imprisonment for a period of one year and four months and in 3 cases punishment till rising of Courts along with fine was also imposed by the Courts.

Comparative study of ease of company registration

2252. SHRI VINAY DINU TENDULKAR: Will the Minister of CORPORATE AFFAIRS be pleased to state:

(a) the impact of company registration procedure recently introduced by Government; and

(b) whether Government has undertaken any comparative study of ease of company registration in the country and other developing countries and in case, the country is lagging, the reasons therefor?