

## **Promoters of 73,000 companies may face action**

The government is likely to take action against the promoters of 73,000 companies in which it has detected fraudulent transactions after the demonetisation drive in 2016.

“We have identified 73,000 companies in which Rs 24,000 crore was deposited after demonetisation. The investigation is being undertaken by various agencies,” minister of state for corporate affairs PP Chaudhary told ET.

“Around 1.26 lakh companies were initially identified where unusual transactions were reported, where accounts of such companies were used only to park money. But the number was reduced after preliminary probe,” he said. On IL&FS, which has defaulted on debt, Chaudhary said the Serious Fraud Investigation Office (SFIO) probe is on and the government will look at the report to bring structural reforms on corporate governance.

“There was mismanagement in IL&FS, and there was a need to further strengthen the corporate governance norms. The ministry is closely working with Indian Institute of Corporate Affairs to improve governance standards in board rooms,” he said.

The government is also looking at making the role of independent directors more active. Chaudhary said the ministry is considering introducing an orientation programme for independent directors in which they will be familiarised with their duties and dos and don'ts. “In the first phase, it will be done for independent directors of public sector companies, after which it will be done for independent directors of listed companies,” he said.

Chaudhary said the government was looking at strengthening the premier investigation agency SFIO. “We're looking at bringing experts from other ser-Promoters of 73k Cos may Face Action Probe findings reveal fraudulent transactions were carried out in these cos after demonetisation vices into the SFIO. There's a need for sectoral experts,” he said. The SFIO is currently probing 64 cases of alleged fraud involving 500 companies. The minister said the names of about 3.25 lakh shell companies have been struck off.

He said the government will soon make more changes in the Companies Act of 2013 to improve the ease of doing business. “It could be done through an Ordinance. We're deliberating the changes and the process through which changes would be made,” Chaudhary said. He said bankruptcy code has been the biggest economic reform since independence. “Now debtors are scared, and in many cases have paid their dues on their own. We have requested Insolvency and Bankruptcy Board of India to prepare an impact report on the advantages gained through enactment of the bankruptcy code,” Chaudhary said.

*(Economic Times)*