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THE ANATOMY OF CORPORATE FRAUD: **GOVERNANCE TO ACCOUNTABILITY** **INSIGHTS FROM INDIA**

AUTHORED BY - SATYAM GOYAL & NIKITA SINGH

“Corporate Governance is to be intellectually honest which requires a mindset change as it is about outcomes, ethics, value-creation, effective control and legitimacy and not just sticking to rules and regulations”.

Introduction

The high economic growth with plethora of opportunities has to be in tune with the corporate ethics to stir up the good corporate governance as high opportunities creates high potential to expand business markets backed by corporate evils such as *fraud, bribery, corruption, misappropriation*¹. The corporate ethics & governance in complex dynamic economy like India has a history of comprehensive, rigorous, efficient and dicey law to deal with the corporate scams and scandals that have been stucked to Indian Economy from the British Era as an old hill such as The East India Company Fraud where Alexander Fordyce shorted (i.e., he bet on the price falling) East India Company share, and when the shares instead started to rise, he took money from his bank to cover losses, initially dipping into past profits, but later taking depositors' money too. The corporate scandals and scams have been on a rise in the present times affecting the corporate market economics as a sub part of the larger market economics. The *Companies Act, 2013, The Competition Act 2002, The Prevention of Money Laundering Act, 2002*, etc. have addressed the various practical concerns of corporate evils by enabling a flexible, transparent, self-regulatory and unambiguous mechanism with the necessary substantive amendments allowing self-compliance to the corporate entities ensuring sound corporate governance practices.

Corporate Risk: Navigating Cosmopolitan Fraud

The corporate evils require a positive perspective, wherein bribery is defined as the act of offering, providing, or receiving anything of value with the intention of inducing or rewarding

¹ “Faraz Alam Sagar”, “Pragati Sharma”, “Kishan Kumar Gupta”, *Fraud Investigation in India, C.A.M.*, 5, 2(2022).

someone for acting, and corruption is defined as dishonest or fraudulent behavior by those in positions of power, usually involving bribery and both bribery and corruption are included under an umbrella term "fraud," which means deliberate inducement, an act of deceit, or fraudulent behavior (one that is not what it seems or is represented to be) in order to obtain a financial advantage over others in terms of money or property belonging to an individual or an organization.

The term 'fraud' is regulated differently in different interpretations under contract law (subsidiary of corporate law) and corporate law, where the history of 'fraud' under Indian law can be traced back to the period of enforcement of Indian Contract Act,1872 by Imperial Legislative Council where under sec.17 of ICA,1872 'Fraud' is defined as –

“Fraud” is defined as any of the following actions taken by a party to a contract, with his consent, or by his agent with the purpose of misleading another party concerning his agent or persuading him to sign the contract²: —

- 1) the assertion that something is false as a fact by someone who does not think it to be true
- 2) the act of consciously not informing someone or withholding information someone should know or believe to be valid
- 3) a promise made with no intention of executing it
- 4) any other action which can be performed to cause a deception
- 5) any act or omission of a particular character attributed by the law as fraudulent

Explanation. — It is not fraud to simply remain silent on facts that could influence someone's desire to sign a contract, unless the situation is such that the person who is silent has an obligation to speak or unless his silence is equivalent to speaking in and of itself.

According to Indian Contract Act,1872 fraud is constituted when any of the above stated essential is fulfilled and there is an intent to deceive, which results in 'wrongful gain' to the person committing the fraud.

The act of 'fraud' under the corporate law is considered as a penal offence punishable with fine, imprisonment, or both and this specific act of fraud for corporate governance is exclusively dealt with *The Companies Act,2013* where it's not a new addition to the legal

² The Indian Contract Act, 1872, §17.

framework rather it has been concept that has been dealt with *The Companies Act, 1956* with a pinch of ambiguity and lack of clearer awareness of the economic dynamics where there have been no proper definition of the term fraud provided but the act provides for a specific term 'person' for the fraud providing it a wide leverage as it includes any individual who have been in a connection with the affairs of the company be it be directors, employees, officers, senior level management, lower level management, chiefs of the company who are engaged in the day-to-day administration of the corporate organization falls within the ambit of fraud. The Companies Act of 1956 also provides for a scattered and different penal punishment for different kinds of fraudulent activities such as it provides for 5 years of imprisonment or fine or both when a person fraudulently induces persons to invest money in a company, it also provides for 7 years of an imprisonment to a person who is found guilty of falsifying books during the course of winding up, in addition to it there is an imprisonment for 2 and fine for fraud by officers, there is provision for the Central Government to seek direction from the court against the person or person's whom they are of opinion are connected to conduct and management of the company is guilty of fraud and many other instances and provisions for fraud.

The Companies Act, 2013 gives us a newer insight of fraud through *proper, clear and unambiguous* definition of the term fraud and a *synthesised and amalgamated* imprisonment for different acts and types of fraud, under section.477 of The Companies Act, 2013 –

Explanation—For the purposes of this section: -

In the context of the operations of a corporation, "FRAUD" includes any act, omission, concealment or cover-up of a material fact, and an act or omission, including a failure to disclose upon request, committing an act of dishonesty, that is to say, conduct which falls short of honesty in relation to a person's position or functions, which is designed to: create in a person's mind an impression about something done or not done, or about a position in which that person is, or is not, that is false and either is known to be false or is not believed by the person to be true; obtain an advantage or benefit, or cause a loss, to any person.

This clearer definition of fraud resembles those with a pinch of a definition of fraud under the Indian Contract Act, 1872 where both the law provides that an act is considered fraud when there is a presence of mens rea i.e. the 'intent to deceive' where if any act, omission, concealment of fact is performed without the intention to deceive such an act, omission, or concealment of fact is not to be considered as fraud. Though, The Indian Contract Act, 1872

and The Companies Act,2013 resembles a pinch in terms of defining the fraud still there exist a fundamental difference between the two where The Indian Contract Act,1872 is a civil law only providing for compensation or reimbursement whereas, The Companies Act,2013 is a criminal law providing for the penal punishment (imprisonment, fines or both imprisonment and fine) in case of any fraud in relation to the corporate affairs.

The section 447 of the Companies Act, 2013 states “Without prejudice to any liability to repay any amount under this Act or any other law for the time being in force, whoever is found to have committed fraud shall be punishable with imprisonment not less than six months but may extend up to ten years and shall also be liable to fine not less than the amount involved in the fraud but which may also exceed three times the amount of such fraud.”³ It may be noted that sections 447 to 453 of the act categorically describe potentially different case and situation where this criminal penalty is to be imposed. Further, differently to the general provision on the penalty, this provision also leaves the upper bracket of the penalty at 10 years and the lower bracket at 3 years instead of half a year where the fraudulent activity might have consequences for the public interest. Moreover, the Act provides that fraudulent statements will attract penalties as under section 448, while fabricated evidence will be penalized as under section 449. Section 450 has not prescribed any specific penalties or fines, whereas the repeated offenses will be dealt with as under section 451. The wrongful holding of property will attract penalties as provided in section 452, and the improper use of words "limited" or "private limited" will attract penalties as under section 453.

The section 454 of the Companies Act, 2013 provides for 'adjudication of penalties'. The section elaborates the role of 'The Central Government' for the selection of an adjudicating officer which shall be a rank not below 'Registrar'⁴. The section further clarifies the duties of the adjudicating officer and 'Regional Director'. The section describes the selection process of an adjudicating officer to be from The Central Government and such an officer shall hold rank as 'Registrar' or above. It goes further on to define the roles of the 'adjudicating officer' and the 'Regional Director'. The amount of penalty imposed has to be remitted by the companies within ninety days from the receipt of a copy of the order; if they fail to do so, they will receive a fine which can stretch from twenty-five thousand rupees to five lakh rupees. An official position holder of a company which has defaulted and failed to pay the penalty within ninety

³ The Companies Act, 2013.

⁴ Ibid.

days from the receipt of a copy of the order is liable for imprisonment for such term not below six months, or fine which shall not be less than twenty-five thousand rupees but may extend up to one lakh rupees, or with both as per the concerned subclause (2) of clause (8) of section 454 of this act.

Deceptive Evil: Insights & Systematic Vulnerabilities

The Indian Economy is grappling with a significant rise in corporate frauds in recent times as highlighted by *PwC's Global Economic Crime Survey 2024 – India Outlook*: that there has been 7% increase in the corporate frauds in India as compared to the results of 2022 edition of the same survey wherein, the current surveys show that 59% of Indian organisations faced financial or economic fraud in the past 24 months. The condition of white-collar crimes, or corporate fraud, in India has deteriorated to such an extent that the 59% reported in the PwC survey exceeds the global average of 41% by 18%⁵. The corporate frauds have serious implications on the administration, reputation, employee morale, its stakeholders and the related beneficiaries of the corporate organization and according to *The Report of the Nation's 2016 global Fraud Survey* an organization faces deficit in their revenue generation by 5% as a result of fraud reflecting another serious implication on the revenue of the organization as well. The corporate fraud is amenable to the fraudster(s) resulting in an economic gain to him/her by deliberately changing the information of the organization to grace its position and presence in the market, by deliberately engaged in embezzlement, corruption or in false claims of expense in relation to the organization with his connivance. The corporate fraud as a villainous and a deliberative deception to the stakeholders, investors, public, resulting in a ripple effect to the economic growth of the country as it lower downs the trust of the individual to invest resulting in a great financial loss not only to the corporate organization but to the country's financial system as well.

Traditionally, even with an effective mechanism to curb corporate evils certain loopholes⁶ still exists that paves a way of motivation to the fraudster to commit fraud where these gaps exist in varied forms, the very first loopholes exist in the form of human inherent enemies such as

⁵ *Global Economic Crime Survey 2024 – India Outlook*, PWC (2024), <https://www.pwc.in/press-releases/2024/59-of-indian-organisations-faced-financial-or-economic-fraud-in-the-past-24-months-where-procurement-fraud-emerged-as-the-top-threat-pwc-survey.html#:~:text=New%20Delhi%2C%2018%20December%202024,in%20the%20past%202024%20months>.

⁶ Dhruv Gumber, Corporate Frauds: Loopholes in the Current Corporate Governance Framework, Manupatra (Jan.13, 2025, 11:15 AM), <https://articles.manupatra.com/article-details/Corporate-Frauds-Loopholes-in-the-Current-Corporate-Governance-Framework>.

greed or desire of financial gain and manipulation to build own presence. The systematic vulnerabilities in a corporate organization may exist from a lower-level management followed by middle-level management and the apex body of higher-level management ad requires a deeper understanding of specific areas where it may exist –

- (1) Inadequacies in nomination and appointment of board members can bring loopholes within an organization especially when board men nominate or appoint friends, relatives or acquaintances instead of independent experts in their respective fields.
- (2) Fraternal human resource gaps, often in finance, corporate governance, and special sector expertise, generate elasticity in any organization. The lack of such expertise is likely to generate avoidable inefficiencies while these inefficiencies could easily spill over to issues such as the reliability of the company's financial statements and the ability to monitor employees.
- (3) Ineffective audits stem from ineffective audit assessment methods that use vouching and casting techniques and have only the minimum of necessary knowledge about the financial instruments, derivatives, and off-balance sheet transactions that open vast loopholes in the organization.
- (4) Lack of effective internal communication and lack of proper separations of duty are some of the shortcomings within an organization, majorly because they produce an incorrect risk reporting which creates an environment for fraud and mistakes.
- (5) Weak or low fines and penalties within the legal structure provide ways through which corporate fraud happens. This position may result to fraudulent activities because, people may feel there are no repercussions to such actions.

The, emergence of the technology has created a sudden shift in the traditional method of working, administering, governing, auditing post pandemic creating a new set of organizational challenges and where this effect of technology has created a significant gamut of substantial risk from emerging fraud such as digital data breaches, digital server hackings, data entry frauds, botnet attacks, cyber-crime, phishing, IP counterfeiting and piracy, business email compromises, malware, identify theft, voice cloning, etc. requiring a new strategic, holistic and comprehensive move in the form of employees awareness training, robust system of fraud management, effective cybersecurity measures, in house sessions on emerging frauds, knowledgeable sessions on ethical code of conduct to employees and other related beneficiaries to curb the emerging vulnerabilities of sophisticated fraud schemes. According to the 2024 AI, Fraud, and Financial Crime Survey by Bio Catch, 69% of corporate banking organizations said that criminals are more skilled at using AI for financial crime than banks are at using it to

combat financial crime, the same survey also shows that 69% of the organizations think that a robust and comprehensive use of AI will result in more revenue from improved customer interactions, less time spent looking into false positives, etc., than loss from fraud, breaches, etc.⁷.

Unmasking Corporate Malfeasance: Scandals and Personae

The words of *François Valérian, Chair of Transparency International* sound like a sitting duck in the modern fraud landscape which is beset with stratagems of all sorts ‘Corruption will never cease to exist until the systems of justice have the ability to penalize, as well as restrain, the governments’

Corporate Fraud can be classified as –

The classification of corporate fraud may depend upon the nature of business a corporate organization is engaged with, though these frauds can be classified into certain broader areas such as⁸: -

1. ***Fraudulent Financial Accounts or Audits*** – consists of providing false information about the company to the investors, stakeholders, customers, employees of the organization regarding and distorting the actual position and figures in the balance sheets/ profits and losses of the company such as over stating the revenue, improper estimate of assets, other credits and expenses, high sales, high growth rate in future and so on and cheating the third party through audit.
2. ***Round Trip Transactions & Fraudulent Disbursements*** – involves recording those transactions which have occurred between two companies where no economic or business purpose exist to reflect inflated sales growth of the company where sales between the company exist for a same amount in smaller period of time or a loan or an investment in a customer such that they may have purchasing capacity where these transactions may include schemes of billing, payroll, theft of company checks, ghost or alien employee, and expense reimbursement transactions.
3. ***Money Laundering*** - is a criminal offence involving a process of enjoying the profits or wealth by concealing the source or origin off the illicit gain being hidden from the preview of tax authorities, where the illicit profit may come from *insider trading*

⁷ Bio Catch, *2024 AI, Fraud, and Financial Crime Survey*, Bio Catch, 2024, 1,2 & 6.

⁸ Madhu Bala, *CORPORATE FRAUDS AND LEGAL MECHANISM IN INDIA- AN OVERVIEW*, Volume 7 IJCAR 12233, 12233 (2018).

(trading in company's stocks or securities by persons who are predicted to gain access to the subtle information in respect to such securities), *bribery* (involves offering, giving or receiving anything that influences an official act), *embezzlement* (taking funds or assets entrusted to them and using them for purposes other than those for which they were intended), etc. by altering the source, concealing the beneficiary's identity, or moving the funds to a less desirable location.

4. **Procurement Fraud** – involves a manipulation fraud where a customer is contacted for exchange of the goods above the price prevailing in the market for shipping of the funds to enjoy numerous kickbacks in the form of material goods, cash, etc. where this manipulation can happen even after the goods has been supplied to the vendor in the form of delivering the shabby, damaged, scruffy, dilapidated good to obtain an unfair advantage over other. Additionally, this process of manipulation may exist even during the bidding process of the contract to the contractor(s) with special advantages or either by creating shell companies.
5. **Misappropriation of Assets** – is the most common form of corporate fraud, which involves the stealing of assets of the corporate organization or the misuse of just to the organization for the personal gain or advantage performed by directors, employees or any other individual involved in the affairs of the company, through mastery over the mind of the victim through tricks or insidious approaches into making the fraudster get a hold of the assets such as showing fake inventory or fabricated sales, fake credit notes.

The fact that the Indian Economy faces the issue of corporate fraud from the pre-independent era is undeniable, according to Indian Economist Usha Patnaik in her research in 2018 in Columbia University Press she reported and calculated that Britain drained a nearly total of \$45Trillion from India during the period of 1765 to 1938 which is 17 times greater than the total annual gross domestic product of the United Kingdom today⁹. The modus operandi of the stealing under East India Company in 1765 as reported by her was such that, The Company after initial control over the Indian sub-continent started collecting tax from the Indian's and used one-third part of the tax revenue very cannily in buying the Indian goods for British use where, in this way the Indian goods to the Britishers cost free, in other words under this scandals the Indians manufactured their goods with their own cost and also indirectly pays for their own manufactured goods in the form of tax which she reported as 'scam – theft on a grand scale'.

⁹ Dr. Jason Hickel, How Britain Stole \$45Trillion from India lied about it – Part 1, T.D. Times, December 17, 2018, at 4.

In 1847, another example of this was the "twist to the tax-and-buy system," which required special Council Bills (a special paper currency issued by the British Crown) if any country wanted to purchase Indian goods. The only way to obtain these bills was to pay London in gold or silver, and the traders would then use them to pay Indian producers. When the Indians cashed these bills at local offices, they were paid in cash from the tax money collected from them. In this way, the Indians were defrauded once more.

The *Corruption Perception Index* by Transparency International shows, position of India has fallen from Rank 85 (with a score of 40 out of 100) in 2022 to Rank 93 (with a score of 39 out of 100) in 2023, reflecting the number of financial irregularities in India in recent past has increased which is a timely reminder against the growing systematic vulnerabilities and the easiness of committing white collar crimes in the corporate sector. The list of scandals in India are numerous but some of the notorious scandals or scams committed in India which have left the Indian Economy and Indian Legal Framework with remarkable impact are¹⁰ –

Sr. No	Perpetrator	Fraud ¹¹	Issue
1.	Harshad Mehta	Scam of 1992	Harshad Mehta is noted to have siphoned over Rs. 4,000 crores from the banks which, according to the allegations, aided stock brokers in the 1991 to 1992 years.
2.	Abdul Karim Telgi	Scam of 2003	Abdul Karim Telgi secured license from the Indian government to prepare stamp papers and fraudulently printed stamp papers of ₹171.33 crore.
3.	Ramalinga Raju	Satyam Scam of 2009	Ramalinga Raju agreed that he had been faking his company books for several years with grossing up the earnings and assets figures. The fraud led to a near ₹8,000 crore loss as the stock price crashed.

¹⁰ Top Financial Scams of India: Why Investors Need to Be Vigilant??. 5Paisa, (Jan.15, 2025, 10:04 AM), <https://www.5paisa.com/finschool/financial-scams-why-investors-need-to-be-vigilant/>.

¹¹Top 5 Financial Scams in India, IndigoLearn, (Jan.15, 2025, 10:30AM), https://www.indigolearn.com/blogs/Top-5-Financial-Scams-in-India/b218399bd14e4473907fdaa165b20f94?srsItd=AfmBOor9nFwrUaj6nvAQPIrVitiIFNrp1hCwUqc_QAQH Z76obYa5H614.

4.	Ketan Parekh	NH Securities Scam of 2001	Ketan Parekh is a stockbroker who fraudulently manipulated K-10 companies' stock prices with a help of manipulation cartel and got fund from banks and this gave rise to ₹ 1,500 crore scam.
5.	Adarsh Housing Society	Adarsh Housing Society Scam of 2010	The Adarsh Housing Society, was intended to be constructed for the widows of war and the veterans where politicians and bureaucrats grabbed the chance to acquire flats at concessional rate thus exposing high level of corruption.
6.	Suresh Kalamadi, Sheila Dixit (Ex CM – Delhi)	Common Wealth Games Scam of 2010	Out of the ₹70,000 crore spent on the Commonwealth Games, only half was allocated to Indian sportspersons. The Central Vigilance Commission found out acts of corruption such as payments to non-existent parties, contract biases, wilful delays in contracts, high quoted prices and equipment procurement frauds as well as embezzlement of funds.
7.	Vijay Malya	Vijay Malya & Kingfisher Airlines Scam of 2016	Vijay Mallya, owner of Kingfisher Airlines, defaulted on ₹9,000 crore loans and fled to the UK. India seeks his extradition for financial crimes.
8.	Nirav Modi	PNB Nirav Modi Scam of 2018	A ₹10,000 crore scam was committed by Nirav Modi who obtained fake LoUs from the PNB to obtain overseas credit which blown up when he defaulted on his dues to PNB.
9.	Dinesh Dalmia	Dalmia Scam of 2006	Dalmia illegally profited ₹595 crore through manipulations involving DSQ Software shares.

Corporate Fraud: Resolution Tactics

The continued rise in corporate malpractices requires a sound legal environment and an uncompromising internal control scrutiny policy. It is always important that such an approach cuts across all levels of management so that each of the resolution tactics are put in practice consistently across the organization with zero tolerance to bias or discrimination courtesy of position or rank in the organization. Sophisticated organizational loops can, in most occasions, be solved using basic but innovative procedures. All the recommendations made herein are therefore in the author's opinion. The first of these should encompass the creation of an ordinance at the workplace so that employees can report any malpractice voluntarily without coercion, pressure, inducement, or retaliation. This ordinance has to envisage the setting of efficient grievance processing which can guarantee the reporting of any misconduct within 15-30 days of the incident. Quite similarly, the grievance redressal procedure should be overseen by an impartial committee of experts and professionals whose job is to accumulate evidence and solve reported issues within an efficient timeframe of 5-10 days. In special circumstances the time frame can only be extended but not to go beyond 20 days under any circumstances. The next move at the governmental level could include passage of laws that would require the government to conduct audits of every corporate organization for each financial year. To facilitate this, the government may establish dedicated bodies: ***The Central Corporate Audit Assessment & Vigilance Cell and The State Corporate Audit Assessment & Vigilance Cell***, modelled after the Comptroller and Auditor General of India (CAG). These cells should comprise independent and preferably, individuals with background in finance, accounting, auditors, and best practices. At the central level, the cell would be headed by a committee that will be including the President of India, the Chief Justice of India, the Finance Secretary, the Principal Secretary and an Expert in finance, audits and accounts to be nominated by the President of India. At state level, the similar committee would comprise the Governor of state, Chief Justice of High Court, Chief Secretary of the state and an Expert in finance, audits and accounts nominated by the governor of state. These state bodies would be directly accountable to the central committee straying out from any political interference or even pressure. These cells would release precise and detailed reports of their findings after carrying out their evaluations, tasks which they would ideally do on an annual basis, to ensure that all parties involved are held responsible for their actions.

*The recommended resolution tactics in this regard may include*¹²–

1. Current nominating committees that operate based on the recommendation of the board of directors or the CEO do not always make allowance for diversity and independence. Each committee should be formed by appointing directors who possess the necessary experience; the selection process should be clearly documented; the use of a published skills matrix that allows for applications for membership and places reliance on the rotation system that includes re-elections after term limits.
2. There should be an increase in the stringencies of fines and penalties for corporate fraud and regulatory infractions, as well as legal action against the executives and board of directors for fraudulent actions especially in acknowledgment of cooperation efforts between the regulatory agencies handling multinationals.
3. There has to be an assignment of sufficient funds to the supervisory authorities to improve the competencies of delivering the right personnel, creating technologies, and three-hundred-and-sixty-degree inspections of organizations in addition to placing emphasis on up the auditing standards would make it easier to identify fraudulent activities currently taking place. They need to make a positive input into improving the quality of audits, inspection, enforcement and sanctions for the same.
4. For assurance of ethical standards and combating of wrong-doing, through adoption of secure and private employee report lines including one to one and several reporting methods to make certain extensive reporting procedures and rigid no-retribution procedures inclusive of namelessness in reporting and outsider investigation for fairness in dealing with alleged perpetrators.
5. Apart from carrying out segregation of duties in the organization, introduce a method of giving incompatible tasks to different people to minimize the manipulation risks that prevail in the organization. Continuously perform some supervision over control activities, transactions, and financial statements with the help of information technologies. Also, constant risks that involve assessing the firm's vulnerability and strength to avoid such risks in the future.
6. Synchronizing accounting policies so as to bring sanity in the complicated structures of financial instruments for enhanced impeccable dimensions that are backed by the mandatory declaration of ESG to both financial and firm non-financial performances to

¹² “Ms. Shweta Wadhvani”, & “Dr. Hema Menon”, CORPORATE FRAUDS: EMERGING ISSUES AND PREVENTIVE STRATEGIES, B.L.R., Oct.– Dec.2017, at 51, 52.

enhance comprehensiveness of the latter with vigour of criminal charges against individuals who perpetrate fraud with a view to assert individual accountability.

The employment of the outlined above strategic resolution tactics will go a long way in eradicating white-collar crimes hence achieving the principles of good corporate governance amongst corporate organizations and government.

Corporate Fraud: Wrapping Up the Tale of Deception and Reform

In summary, it is not surprising that the problem of corporate fraud is observed deeply rooted in India where it requires stringent corporate governance fabrics and non-relaxed regulatory compliance. The past scenarios of corporate frauds combined with the present-day issues due to technology integration and global structural flaws, call for a systematic approach to fighting fraud. Movements over time show that legal fabrics especially The Companies Act, 2013 has come quite a long way in articulating and punishing fraudulent conditioning within corporate entities despite the fact that cases of corporate fraud continue to rise, it has become clear that these measures in isolation are not adequate.

The conclusions emerging from colourful checks demonstrate the treacherous frequency of financial crimes in Indian associations, rising above global pars and indicating the decline of trust among associations stakeholders. This situation requires a change of corporate culture, where the rewards for ethical behavior, compliance, and adequate disclosure are combined with risk and penalty for malicious intent in corporate operations. The proposed resolution tactics such as increasing the extent of regulatory scrutiny, outside audits and grievance redressal mechanisms are all critical in driving change of corporate culture so that corporate governance is not an exercise in going through motions but embracing a culture of right things being done right.

Further, establishment of technology advancement in identification and prevention of fraudulent activities together with the encouragement of employees to report fraud without being penalized enhance the general protection of employees in cases of fraudster. Through the adoption of a strategic vision on corporate governance and fraud prevention, organizations can reduce challenges, protect their image and play significant roles in the overall sustaining of the ever-expanding economy.

Therefore, the root of corporate fraud in India can never be eradicated unless everybody in the

corporate industry, other regulatory authorities, and the government join hands. If Ethical practices continue to be promoted and companies put in place broad measures, it is possible to rebuild that confidence and guarantee sustainable economic prosperity. Subsequently, the shift to possess better corporate governance stays to be a progressive course where stakeholders ought to stay informed and committed and make certain that any arising and rearing heads are fought against all furry and arrogance in principle with integrity and accountability.

'Our ability to manufacture fraud now exceeds our ability to detect it' - Al Pacino

