
INTERNATIONAL JOURNAL OF ADVANCED LEGAL RESEARCH

**FINANCIAL FRAUD MITIGATION IN INDIA: EVALUATING THE
LEGAL AND INSTITUTIONAL MECHANISMS FOR DETECTION,
INVESTIGATION, AND ENFORCEMENT**

- Vrushang Prajapati & Jinal Modi¹

ABSTRACT

This study is a critical look into the regulatory and enforcement-legal regime that regulates financial fraud in India, especially the role and effectiveness of key regulatory and investigative agencies including the Reserve Bank of India (RBI), Securities and Exchange Board of India (SEBI), Ministry of Corporate Affairs (MCA), Enforcement Directorate (ED), and Serious Fraud Investigation Office (SFIO). The research focuses on the statutory provisions in legislations such as Companies Act, 2013, Prevention of Money Laundering Act, 2002 (PMLA), Prevention of Corruption Act, 1988, Bharatiya Nyaya Sanhita, 2023, Bharatiya Sakshya Adhiniyam, 2023, Fugitive Economic Offenders Act, 2018 (FEMA), 1999 and the SEBI Act, 1992.

The study is mixed doctrinal and empirical in nature, which are based on statutory analysis, judicial decisions, annual reports, RTI responses, policy documents and case studies of financial frauds such as PNB–Nirav Modi scam, Yes Bank crisis, IL&FS collapse and DHFL fraud. The research pinpoints key shortcomings in fraud detection and successful prosecution, including: delays, jurisdictional issues, lack of inter-agency cooperation, low conviction rates, and difficulties with cross-border enforcement and asset recovery.

Additionally, it examines the emerging importance of Forensic Accounting, Artificial Intelligence, Cyber Forensics and Data Analytics in combating Fraud; and the gaps in the technology and institutional framework for fraud detection in India. Although it maintains

¹ Students at Karnavati University

For general queries or to submit your research for publication, kindly email us at ijalr_editorial@gmail.com
<https://www.ijalr.in/>

that there are rich laws and strong enforcement agencies, the root of the problem is neither lack of laws, but a failure of enforcement and delayed enforcement.

The study ends with suggestions for reforms including the need for better inter-agency coordination by creating a centralized enforcement system, merging the overlapping legal frameworks, boosting technological adoption, boosting the forensic and investigative capacities, greater international cooperation and better corporate governance and compliance. Overall, the study underscores the need for a new regulatory paradigm in India to combat financial frauds, one that is proactive, technology-driven, and enforcement-based, prioritizing market integrity, investor confidence, and economic stability.

MAIN RESEARCH GAP

1. The lack of empirical scrutiny of its enforceability in terms of conviction rates, recovery of assets, and timescales of investigation.
2. Lack of comparative analysis of cases of large financial fraudulent events like Satyam, IL&FS, Yes Bank, DHFL, PNB-Nirav Modi.
3. Inadequate examination of overlaps, and a lack of coordination among SEBI, RBI, ED, SFIO, MCA, and CBI.
4. Analysis of their use and effectiveness in fraud investigation is not fully addressed by forensic accounting, Artificial Intelligence, and sophisticated technology tools.
5. Lack of emphasis on transnational challenges of cross-border enforcement, extradition difficulties, international cooperation, and foreign asset recovery.

INTRODUCTION & BACKGROUND

1.1 Background of Financial fraud in India.

Financial fraud remains a persistent and rapidly evolving challenge to India's economic stability, undermining overall public confidence in financial institutions, corporate governance structures, market discipline and the integrity of capital markets. The increasing structural complexity of financial transactions, coupled with swift

technological advancements, has necessitated a dynamic and adaptive regulatory framework.

This study critically examines the role of key national Indian regulatory bodies including the Reserve Bank of India (RBI), the Securities and Exchange Board of India (SEBI), the Ministry of Corporate Affairs (MCA), the Enforcement Directorate (ED), and the Serious Fraud Investigation Office (SFIO) in the prevention, detection, investigation, and subsequent prosecution of financial fraud. It analyses the statutory powers conferred expressly upon these authorities, their operational mechanisms, and the extent of inter-agency collaboration, while identifying jurisdictional overlaps and enforcement challenges. Drawing upon notable case studies, such as the Satyam Computer Services accounting scandal², the Punjab National Bank; Nirav Modi fraud,³ and the Yes Bank crisis, along with RTI's filed which the study evaluates the effectiveness of the current regulatory framework in deterring fraudulent conduct.

The discussion also highlights systemic gaps, including delayed investigations, inadequate technological capacity, and constraints in effective cross-border enforcement. By integrating doctrinal legal analysis with pragmatic policy-oriented recommendations, the study argues for the enhanced technological adoption, harmonisation of enforcement powers, institutional capacity building, and robust stronger compliance monitoring as essential reforms to strengthen India's financial oversight mechanisms and safeguard long-term resilience against economic crime.

²Satyam Computer Services Ltd. v. Union of India, (2009) 150 Comp Cas 352 (Ind.).

³Punjab National Bank v. Nirav Modi & Ors., Special Case No. 22 of 2018.

1.2 RESEARCH METHODOLOGY

The given research has a mixed methodology of doctrinal and empirical track, which aims to examine the legal, institutional, and practical aspects of regulation of financial fraud according to the Indian context. Primary and secondary sources are used in the study, and they are complemented by empirical data so that the overall assessment can be made.

The major sources of data include information obtained after tracking down the official websites and portals of the prime regulating bodies such as the Reserve Bank of India (RBI)⁴, the Securities and Exchange Board of India (SEBI), the Ministry of Corporate Affairs (MCA), the Serious Fraud Investigation Office (SFIO),⁵ and the Enforcement Directorate (ED). The records range between the year 2018 and 2025 and contain annual reports, enforcement actions, circulars, guidelines, press releases, and statistics. These give us an insight on policy changes, regulation, and changes induced in institutional approach to financial fraud in the past seven years.

The secondary materials include scholarly research articles, policy and newspaper reports which critically explore corporate fraud, enforcement issues and failure of governance in India and International level. These readings aid in putting the statutory framework into context and demonstrate what scholars and critics have made of interpretation, criticism and ideas of reform.

The methodology has been instilled with an empirical aspect in the form of responses we would get by sending Right to Information (RTI) ⁶requests to those authorities that regulate them. Such responses offer information that was otherwise unattainable such as the number of enforcement activity, the number of fines applied, timeframes of offenders facing adjudication, and the level of inter-agency coordination. Such empirical input makes this study not only a study based on theoretical criticism but also making it an aspect of the practical reality.

⁴Reserve Bank of India, Master Directions on Fraud Management and Reporting, RBI/DBS/2016-17/28 (Updated 2024).

⁵Serious Fraud Investigation Office (SFIO), Guidelines on Corporate Investigations, <<https://www.mca.gov.in> (Accessed April 10, 2026).

⁶RTI Response No. FIN/R/2023/60442 (Data regarding inter-agency referral timelines).

For general queries or to submit your research for publication, kindly email us at ijalr_editorial@gmail.com
<https://www.ijalr.in/>

The aim of the study is to analyze how the investigating agencies in India curb the financial frauds and critically evaluate the procedural factors involved in detection, investigation and enforcement.

1.3 RESEARCH QUESTION

1. To what extent does the multi-agency regulatory framework in India work in averting, detecting, and prosecuting financial fraud?
2. What are the reasons behind the difference between the detection of financial fraud and a successful prosecution or conviction in India?
3. What is the impact of a jurisdictional overlap and interagency discoordination on the results of the enforcement in financial fraud cases?
4. What reforms both legal, technological, and institutional are needed to enhance the ability of India to fight the changing financial fraud?

1.4 AIM & OBJECTIVE

1. To critically examine the legal and institutional framework of financial fraud in India. This goal aims to review the legislative frameworks and regulatory framework, forming the basis of financial fraud prosecution, and the law, which involves the Companies Act, 2013, the Prevention of Money Laundering Act (PMLA), and other related pieces of legislation. It also analyzes the roles, mandates, and authority of major regulating bodies like the Reserve Bank of India, Securities and Exchange Board of India, Ministry of Corporate Affairs, Enforcement Directorate as well as the Serious Fraud Investigation Office.
2. To test the efficiency of enforcement practices. This goal aims at evaluating the extent to which regulatory measures are converted into reality, especially in the areas of investigation, adjudication, and conviction. It analyzes the empirical data, such as RTI responses and regulatory reports, in order to find out the gap between fraud detection and its successful prosecution, as well as to find out why the conviction rate is low and the process takes so long.

3. To determine and examine issues associated with inter-agency coordination and absence of jurisdiction. Considering the multi-regulator setup in India, this goal investigates how overlapping jurisdictions, fragmented mandates and absence of coordination across the agencies are impediments to effective enforcement. It also explores problems like duplication of studies, bottlenecks in procedure and time delays due to lack of division of responsibilities.
4. To analyze key case studies to see how regulation worked and failed. This objective seeks to bring forward practical issues that regulatory authorities have to face, determine gaps in governance and oversight, and assess the effectiveness of remedial measures taken through a thorough study of major instances of financial frauds, including the Satyam Computer Services scandal, the Punjab National Bank fraud case and the yes bank crisis.
5. To evaluate the systemic, procedural and technological restraint in detection and prevention of fraud. This involves evaluating how well the Indian regulatory authorities have embraced modern technology like artificial intelligence, data analytics and forensic accounting practices. It also analyzes the problem of shortage of skilled personnel, long time detection of fraud, and cross border investigation and recovery restrictions.
6. To suggest amendments in improving the regulatory and enforcement system. According to the study results, this goal will be intended to propose legal, institutional, and technological changes. These are the increased coordination between agencies, harmonization of a statutory environment, the introduction of innovative technological equipment, better capacity building and alignment of Indian traditions to international norms to make sure to adopt a proactive and preventive attitude towards financial fraud.

1.5 BREIF ABOUT THE STUDY

Financial fraud in India is a purposeful deception, deception or exploitation done in order to obtain illegal financial benefits. It could be in various forms like misuse of fund, accounting anomalies, insider dealing, Ponzi schemes or corporate structure abuse. Well-known instances of fraud like the Satyam Computer Services scandal, the Punjab National Bank Nirav Modi scam, and the IL&FS crisis have over the years, indicated

For general queries or to submit your research for publication, kindly email us at ijalr_editorial@gmail.com
<https://www.ijalr.in/>

weaknesses in the system of corporate governance and regulation. Such occurrences did not only lead to a massive loss of funds, but also built a negative impact on the confidence of the investors, creditors, and the general population.

It is crucial to crack on financial fraud to ensure the health of Indian economy. Fraud leads to breaching of market integrity causing the loss of consumer-bank confidence and posing threats to bank and corporate stability. With any emerging economy such as India relying so much on domestic and foreign investment, the necessity to maintain a high level of transparency and accountability in financial dealings is important towards the stability of the economy and the beliefs of the investors. India has implemented a multi-agency regulatory framework to stop fraud⁷. Banks and non-banking financial companies are regulated by the Reserve Bank of India (RBI) under the ministry of finances which provides financial discipline. The securities market is regulated by another body.

Within the Ministry of Finance called Securities and Exchange Board of India (SEBI) which oversees insider trading, stock manipulation, and unfair trade practices⁸. Companies are controlled by the Ministry of Corporate Affairs (MCA) which administers the Companies Act, 2013 and Serious Fraud Investigation Office (SFIO) examines major corporate frauds. The Enforcement Directorate (ED) that functions under the department of revenue, ministry of finance deals with money laundering, contravention of the Prevention of Money Laundering Act (PMLA) and contravention of the Foreign Exchange Management Act (FEMA). All these are authorities who are the biggest enforcers of financial discipline in India.

However, even with this stratified structure, there is still a lot of difficulty in implementation.⁹ Procedural delays are common in investigations, there are overlapping jurisdictions that cause problems in coordination, and penalties do not always act as a deterrent to future misconduct. Although current literature has been preoccupied with statutory frameworks and landmark cases, there has been less emphasis on the realities of the enforcement agencies and the procedural realities of combating financial fraud.

⁷Ministry of Finance, Annual Report 2024-25, Department of Revenue, Government of India.

⁸Securities and Exchange Board of India, Annual Report 2024–25, <<https://www.sebi.gov.in> (Accessed Jan. 22, 2026).

⁹Financial Action Task Force (FATF), Mutual Evaluation Report of India: Anti-money laundering and counter-terrorist financing measures (2024).

For general queries or to submit your research for publication, kindly email us at ijalr_editorial@gmail.com
<https://www.ijalr.in/>

REGULATORY FRAMEWORK & STATUTORY ANALYSIS

2.1 REGULATORY BODIES:

The Indian battle against financial fraud is based on a multi-regulator system, where each regulator is under a particular ministry with its own mandate.

2.1.1 Reserve Bank of India (RBI)¹⁰ – RBI is a one of the part of the Ministry of Finance, and it oversees banks and NBFCs to identify the loan defaults, cyber frauds, and misreporting. As per the e official RBI site, a total of 82,099 cases of frauds with a total amount of close to 4.48 lakh crore were reported by the commercial banks in the 2018-2025 period. Regardless less than 5 percent of these resulted in direct financial fines against banks and few were sent to specialized investigative agencies, revealing the ongoing disconnect between reporting of fraud and punitive action¹¹.

2.1.2 Securities and Exchange Board of India (SEBI) -SEBI is also under the Finance Ministry and regulates capital markets, insider trading and corporate disclosures. According to RTI data of 2023, there has been a 35 percent increase in complaints of insider trading since 2018, but conviction rates are still under 10 percent. This is indicative of the difficulty in establishing intent in securities fraud.

SEBI Annual Reports (2018-19 to 2023-24) indicate that every year the regulator releases data on the investigation of fraud, insider trading and financial misrepresentation, as well as the results of enforcement in terms of penalties and directions.¹²

During FY 2024 25, SEBI launched 400 inspections on its numerous violations of securities science; a decision compared to 342 cases in FY 2023 24. The number of cases of insider trading increased drastically by 72 percent to 287 and the number of cases involving market manipulation and prices rigging barely increased to 106. Although the number of front-running cases declined to 44, it was reduced to zero as compared to 83 in 2009.

¹⁰ Reserve Bank of India, 'Financial Fraud Statistics and Regulatory Updates' <<https://rbi.org.in> accessed 12 April 2025.

¹¹ Reserve Bank of India, *Annual Report 2024-25* (2025) (noting 82,099 cases reported in the 2018-2025 period).

¹² Securities and Exchange Board of India, 'Annual Report 2024–25' <<https://www.sebi.gov.in> accessed 15 April 2025.

For general queries or to submit your research for publication, kindly email us at ijalr_editorial@gmail.com
<https://www.ijalr.in/>

Similar to the above, SEBI also conducted 301 such investigations in FY 2024-25 compared to 197 the previous year. More than 6,700 cases filed against aggressive trading on stocks reported disgorgement of more than 1,083 crores of illegal gains within the timeframe (2019 to 2024). Most equally, SEBI has still received the most amount in penalties during FY2024-25 of 813.83 crore even though violators have reduced by 26 percent to 463.

Financial Year	No. of Cases Assigned for Investigation
----------------	---

However, in case of RTI request, SEBI has clarified that structured and complaint-specific data (more significantly the SCORES (SEBI Complaints Redress System) of the system) ¹³was not saved in distinct manner. Instead, the complainants and the researcher will be required to utilize the aggregated information that is presented in annual reports in Investor Protection & Complaints. Even though

part of that is transparent, it also describes an accessibility gap to data which constrains the empirical research on SEBI enforcement performances.¹⁴

2.1.3 Ministry of Corporate Affairs (MCA) - MCA oversees the company filings, corporate governance fraud, and breaches of the Companies Act through its Registrar of Companies. According to RTI responses, although thousands of fraud-related filings have been flagged since 2019, fewer than 15 percent of them were referred to prosecution.¹⁵

¹³ Securities and Exchange Board of India, 'Investor Protection and Complaints: SCORES Data Aggregation' <<https://scores.gov.in>> accessed 10 March 2025.

¹⁴ Securities and Exchange Board of India, 'Investigation and Enforcement Statistics: FY 2024-25' <<https://www.sebi.gov.in/reports-and-statistics>> accessed 18 March 2025.

¹⁵ Ministry of Corporate Affairs, 'Annual Report on the Working and Administration of the Companies Act, 2013' (2025) <<https://www.mca.gov.in>> accessed 28 March 2025.

For general queries or to submit your research for publication, kindly email us at ijalr_editorial@gmail.com <https://www.ijalr.in/>

2017–18	22
2018–19	33
2019–20	26
2020–21	20
2021–22	14
2022–23	7
2023–24	5

2.1.4 Enforcement Directorate (ED) -

The ED, which is a part of the Department of Revenue, Ministry of Finance, is an investigating agency that looks into money laundering and breach of foreign exchange regulations. As per RTI responses (2022), the number of high-value investigations has increased but the level of conviction under PMLA is very low in proportion to the number

of cases registered.

Since 2018, ED has probed more than 1,228 money-laundering cases concerning bank frauds, seized assets worth more than 80,000 crores and helped pull back over 23,258 crores to banks, which has led to a fall in the number of cases related to bank frauds. Money laundering cases based on bank fraud have gone up to 249 cases (2020-21), and the cases have begun decreasing to 232 (2021-22), 202 (2022-23), 115 (2023-24), and 66 cases (2024-25).¹⁶ Severe increase in ED enforcement cases (ECIRs) has been experienced since 2019-20 as there is an average of 788 cases recorded per year between the period of 2019-20 and 2024-25, an increase almost five times that experienced before.

As on 31 December 2024, properties of total value of about 96000 crores (approximately) have been attached under PMLA by the Adjudicating Authority of which more than 84000 crores have been so attached since 2012-13. The single-year attachment of the highest numbers was 13,175 crore in 2018-19 followed by 11,237 crore of the 2023-24 and 9,484 crore in 2024-25. Between 2014 and 2025, ED had only about 5,297 cases registered under PMLA and only 40 convictions thus far, where about 31 convictions occurred only after the amendments to the act in 2019.

In the period January 2020 to July 2025, ED recorded an approximate number of 5,063 money laundering cases and a conviction rate of more than 92% with 38 cases out of 41

¹⁶ Enforcement Directorate, 'Annual Report 2024–25' <<https://enforcementdirectorate.gov.in> accessed 18 April 2025.

cases decided. During this stage, order to seize assets valued at more than 15,600 crore rupees had been obtained.

2.1.5 Serious Fraud Investigation Office (SFIO) - SFIO is a body that investigates complex corporate frauds that involve forensic and multi-agency coordination and operates under the MCA. RTI responses showed that despite the doubling of the number of cases being referred to SFIO in the 2018- 2023 period, successful prosecutions remain few because of evidentiary and procedural challenges.¹⁷

The combination of these regulators makes up the backbone of the Indian fraud enforcement system. But in all agencies, RTI evidence shows that there is a gap between detection and final enforcement. Although ministries have granted regulators statutory powers, their capacity issues, delays of procedures, and evidentiary requirements limit the results.

Agency connections must be improved while investments in organizational training will prove essential. The combination of strict regulatory enforcement with ethical principles in policies enables an effective solution to enduring compliance challenges while creating an atmosphere of ethical business governance. India will progress its corporate governance standards to

global standards by maintaining sustained efforts supported by technological advancement and stakeholder participation.

STATUTORY FRAMEWORK: LAWS GOVERNING THE FINANCIAL FRAUDS

2.2.1 The Companies Act, 2013

Section 447 is about the Punishment & Fraud,¹⁸till 2013 the definition of fraud was normally tried as a general crime (like cheating or forgery). Section 447 changed this, by creating a specific corporate offence¹⁹. The prime focus of the definition includes any act, omission or concealment of fact which includes the intention to deceive, whether the gain or loss is a wrongful gain or wrongful loss. This means that a "victimless" misrepresentation on balance sheet can be an event that gives rise to criminality.

¹⁷ Serious Fraud Investigation Office, 'Summary of Cases Assigned for Investigation 2017-2024' <<https://sfio.gov.in> accessed 10 April 2025.

¹⁸ Companies Act, 2013, § 447, No. 18, Acts of Parliament, 2013 (Ind.). obligations of the statutory auditor).

¹⁹Id.

The offence and the penalty prescribed under this act is a cognizable and non-bailable offence. If the fraud is of "public interest" then the minimum sentence is 3 years which may extend to 10 years and a fine which may extend to 3 times the value of the loss. The act also deals with the concept of piercing the corporate veil where investigators can pierce the curtain which hides the corporate veil to charge the directors,²⁰ promoters or key managerial personnel (KMP) individually.

Auditor is a Whistle Blower according to Section 143. Earlier the auditor was the agent of the shareholders. With Section 143(12) the auditor becomes the agent of the State. Where the auditor suspects that a fraud is being committed by the officers or employees of the company against the company, then he/she is required to report the matter to the Board or the Audit Committee (which is mandatory) of the company.

If the fraud is more than a certain amount (presently 1 crore), then he/she is required to report it to the **Ministry of Corporate Affairs (MCA)** within a stringent time frame (60 days). Failure to report attracts heavy personal liabilities on the auditor, but sometimes auditor is expected to act as a watchdog, not a bloodhound. This section deals with the first line of defence (internal audit). While the statutory auditors audit the final accounts, Section 138²¹ mandates internal audit on certain types of companies (listed companies and large unlisted companies).

The law requires companies to identify certain control gaps in companies to ensure that it cannot be exploited for fraudulent purposes. It is not an annual audit like the statutory audit, although not so continuous. It is an early warning system to detect inventory wastage, purchase fraud or payroll fraud.

2.2.2 Serious Fraud Investigation Office (SFIO)

Serious Fraud Investigation Office (SFIO) is a multi-disciplinary team comprising of banking, corporate law, forensic audit, taxation and IT experts under Section 212²² of the Companies act. Exclusive Jurisdiction: Once a case is transferred to the SFIO, no other investigative authority (such as State Police) can investigate that case. the SFIO is to be transferred all the

²⁰ Id.

²¹ Companies Act 2013, s 138.

²² Companies Act 2013, s 212.

For general queries or to submit your research for publication, kindly email us at ijalr_editorial@gmail.com
<https://www.ijalr.in/>

files. unlike other civil regulators, the SFIO has a power to arrest a person if they believe that he is involved in a fraud (Section 447). The report of the SFIO to the Special Court is treated as if the report is submitted by a Police Officer (charge sheet), this slows down the process of trial.

2.2.3 The National Financial Reporting Authority

National Financial Reporting Authority was established under section 132 of the companies act, to address the problem of independence of auditors. Earlier, the auditors were regulated by the ICAI (peer-reviewed organisation)²³. The NFRA is an independent quasi- judicial regulator. It makes recommendations to the Central Government on accounting and auditing policies. It may investigate into "professional misconduct" in listed companies and large unlisted companies by chartered accountants. The NFRA can slap penalties up to 5 times the fees earned on an audit firm and can disqualify an audit firm or auditor or 10 years' practice. This provides a great deterrent effect of collusive auditing where auditors close their eyes for high audit fees.

2.2.4 Prevention of Corruption Act (PC Act), 1988

The Prevention of Corruption Act (PC Act), 1988, and the Prevention of Money Laundering Act (PMLA), 2002 These are two acts which aim to, respectively, destroy the financial motivation for the crime, the source of the money and its eventual concealment. The PC Act provides a special legal framework to deal with bribery and misuse of power, an essential cure when the financial crime under consideration is of a grand nature and involves the public sector banks or government contracts. The criminalisation of the act of a public servant to receive an undue advantage makes the investigations easier and the Act allows the investigator to bypass the complexities of the usual contract law and focus on the breach of public trust and the financial system.

The 2018 amendment has also extended the Act to hold the corporations liable for offering bribes and in fact, corporations have been put under the burden to ensure adequate internal compliance programs to avoid criminal prosecution of their employees. The PMLA is a primary legislation of tracking the profits of crime, which is driven by the consideration that

²³ M L Bhasin, 'Corporate Governance and Forensic Accounting in Fraud Prevention' [2022] 14 *Global Journal of Management and Business Research* 45
<<<https://journalofbusiness.org/index.php/GJMJB/article/view/3702>>accessed 15 February 2026.

the money laundering in view of the predicate crime (such as one for fraud or cheating) is itself a crime and a grave one too.

The Act ensures that under the administration of the **Enforcement Directorate (ED)**, the provisional attachment and later confiscation of property so as to prevent the perpetrator from enjoying the fruits of their fraudulent workings or offensive as the case goes on. This act is special in its evidentiary conditions whose evidence is often put on the accused to prove that their property was gained in toxicated ways after a prima facie connection has been established with the crime.

Further, the PMLA encourages the required international co-operation and it is possible for the Indian government to make use of the exchange-of-information treaties and mutual legal assistance for the purpose of tracing the illegal money in the offshore tax havens.

2.2.5 Bharatiya Nyaya Sanhita, 2023 & Bharatiya Sakshya Adhinyam, 2023

The replacement of the Indian Penal Code and the Indian Evidence Act with new Bharatiya Nyaya Sanhita (BNS), 2023 and Bharatiya Sakshya Adhinyam (BSA), 2023 respectively, is a significant step in the direction of a technologically and structurally sound criminal justice system. The Bharatiya Nyaya Sanhita (BNS) has reclassified the traditional crimes and has broadened its ambit to the realities of a changing economics. Section 316²⁴ is a Criminal Breach of Trust, this is an offence that occurs when there is dishonest misappropriation of property by a person in a position of trust (such as bankers, brokers or agents) and is punishable with life imprisonment.

Section 318²⁵ of the BNS defines the offence of Cheating, which is an attempt to dishonestly deceive another person to deliver the property or to refrain from doing an act that he/she would otherwise have done. It defines the dishonest concealment of facts as deception, which is a very crucial element in the charges of complex non-disclosure in financial agreements.

Section 111²⁶ of the BNS is a major leap of considering as Organized Crime in particular economic crimes, such as mass-marketing scams, hawala deals and bank scams. This section is subject to much severe penalty and takes into account the syndicated nature of today's

²⁴ Bharatiya Nyaya Sanhita 2023, s 316

²⁵ Bharatiya Nyaya Sanhita 2023, s 318.

²⁶ Bharatiya Nyaya Sanhita 2023, s 111

For general queries or to submit your research for publication, kindly email us at ijalr_editorial@gmail.com
<https://www.ijalr.in/>

financial crime. Now forgery is taken into account by Section 336,²⁷ which explicitly mentions the forgery of an electronic record, made with the intention to cause harm or prove a fraudulent statement, so that the tampering of an electronic document is punishable as a serious offence as the tampering of a physical document.

2.2.6 Bharatiya Sakshya Adhiniyam (BSA)

The Bharatiya Sakshya Adhiniyam (BSA) is a significant change of the way these offences are proved and also, in recognising the reality of the 21 st century. Section 2(d)²⁸ expands the term of document to include electronic and digital records, that is, emails, server logs, phone messages and even GPS data. The most crucial procedural modification occurs in Section 57²⁹ that states that electronic or digital records should be considered as primary evidence if they have been removed from custody. This removes the tag of secondary evidence that has resulted in enormous backlog in cyber-fraud cases.

The BSA, section 61,³⁰ provides that the admissibility of a record cannot be challenged on the basis that the record is in electronic form and section 61 ensures that electronic evidence will have the same weight as any other form of paper record.

To preserve the validity of the evidence section 63³¹ provides stringent conditions under which the admissibility of electronic records can be determined. This provides for the submission of a certificate (bearing the signature of the person who was in charge of the device and an expert) to identify the record and explain its preparation which establishes the chain of custody of electronic evidence.

2.2.7 The Benami Transactions (Prohibition) Act of 1988

The Benami Transactions (Prohibition) Act (1988) (as amended in 2016) is an important law in the prevention of the doctrine of layering, where a Benamidar (name-lender) is holding property for the Beneficial Owner (contributing funds). The Central Government has the power to seize such properties without compensation (Section 5)³² and Section 3³³ is a punitive provision of up to 7 years of imprisonment for the offenders of such sham transaction.

²⁷ Bharatiya Nyaya Sanhita 2023, s 336

²⁸ Bharatiya Sakshya Adhiniyam 2023, s 2(d)

²⁹ Bharatiya Sakshya Adhiniyam 2023, s 57.

³⁰ Bharatiya Sakshya Adhiniyam 2023, s 61

³¹ Bharatiya Sakshya Adhiniyam 2023, s 63

³² Benami Transactions (Prohibition) Act 1988, s 5

For general queries or to submit your research for publication, kindly email us at ijalr_editorial@gmail.com
<https://www.ijalr.in/>

The Act has also ensured that the Benami transactions would be rigorously disposed of in a technical, expedited manner rather than clogging the traditional civil court system, by introducing a special three-tiered enforcement mechanism, such as the Initiating Officer, Adjudicating Authority, and the Appellate Tribunal.³⁴

2.2.8 The Fugitive Economic Offenders Act (FEOA), 2018

Fugitive Economic Offenders Act (FEOA), 2018 was passed to address the specific problem of high-value fraudsters fleeing the Indian territory to avoid arrest. Under Section 4³⁵, a Fugitive Economic Offender is a person in respect of whom a warrant of arrest has been issued for a scheduled offence of 100 crore or more and who has also left India to avoid arrest.

The FEOA also authorises the sequestration of all properties of the offender even though they are not directly linked with the crime proceeds, which is a useful provision of Section 12³⁶, which intends to sell the global net worth of the offender to bring him or her to India.

2.2.9 FEMA 1999) & SEBI Act, 1992

These are complemented by **the foreign Exchange Management Act (FEMA), 1999**, which regulates the movement of money across borders; the act under Section 13 provides these heavy civil forfeitures to illegal transfer of foreign exchange or the use of illegal hawala routes of money used in corporate fraud. The capital markets act, **the SEBI Act, 1992**, has empowered the market regulator to dissuade any fraudulent and unfair trade practices (PFUTP) such as insider trading, market manipulations, etc, and issue a claw-back order to recover illegal profits of the fraudsters to the advantage of the retail investors.

CASE STUDIES & ENFORCEMENT ANALYSIS

3.1 PNB–Nirav Modi Case (2018): Case Study & Enforcement Analysis

3.1.1 Modus Operandi & Nature of Fraud

The PNB-Nirav Modi scam involved illegal issuance of the Letters of Undertaking (LoUs) to the tune of almost ₹14,000 crore.³⁷ The scam was based on a major operational flaw that the

³³ Benami Transactions (Prohibition) Amendment Act 2016, s 3.

³⁴ Abhinav Gupta, 'Evaluation of the Three-Tiered Enforcement Mechanism under the Benami Act' (2024) 12(1) NALSAR Law Review 45, 52.

³⁵ Fugitive Economic Offenders Act 2018, s 4.

³⁶ Fugitive Economic Offenders Act 2018, s 12.

For general queries or to submit your research for publication, kindly email us at ijalr_editorial@gmail.com
<https://www.ijalr.in/>

SWIFT system was not connected to the Core Banking System (CBS). Officials in the Brady House branch issued LoUs via SWIFT, but not via CBS; thus the internal audit and control measures were bypassed.

These LoUs allowed Nirav Modi's companies to access credit from Indian banks' international branches. The money was then siphoned and laundered through a web of intermediary companies in various countries, such as Hong Kong, Dubai and the US. Through a series of transactions and round-tripping, the appearance of genuine trade was created, while hiding the real source and destination of the funds.³⁸

This scheme demonstrates how technological vulnerabilities and human complicity can enable large-scale financial scams in the presence of regulatory controls.

3.1.2 Role of Regulatory & Investigating Authorities

The unravelling of the scam prompted action by several regulatory and law enforcement authorities. The Reserve Bank of India (RBI) has taken immediate actions to address the problem by prohibiting the issuance of LoUs and Letters of Comfort (LoCs) and requiring SWIFT to be integrated with CBS for real-time monitoring.³⁹

The Central Bureau of Investigation (CBI) launched criminal investigations,⁴⁰ in terms of offences like cheating and conspiracy, and linked the role of bank officials and corporate entities. The Enforcement Directorate (ED) invoked the Prevention of Money Laundering Act (PMLA), 2002, in tracing the movement of money and seizing assets in India and overseas.

The Ministry of Corporate Affairs (MCA) and the Serious Fraud Investigation Office (SFIO) also looked into corporate entities and financial dealings and identified the use of shell companies. This multi-pronged approach is indicative of the enforcement challenges in the

³⁷ Punjab National Bank, 'Report on Fraudulent Issuance of Letters of Undertaking' (Press Release, 14 February 2018) <<https://www.pnbindia.in> accessed 18 February 2026.

³⁸ S Mangala and R Soni, 'Analysis of Banking Industry Financial Frauds: Case of PNB and Nirav Modi' (2025) 14(2) *RDIAS Journal of Management* 112

³⁹ Reserve Bank of India, 'Discontinuation of Letters of Undertaking (LoUs) and Letters of Comfort (LoCs) for Trade Credits' (Notification RBI/2017-18/139, 13 March 2018).

⁴⁰ Central Bureau of Investigation, 'CBI Files Supplementary Charge Sheet in ₹14,000 Crore PNB Fraud Case' <<https://cbi.gov.in> accessed 18 February 2026.

realm of financial fraud in India, where specific agencies deal with various aspects of the crime.

3.1.3 Weaknesses & Loopholes

Despite this strong legal framework, there were enforcement gaps evident in the case. Firstly, internal banking controls failed, as officials were able to circumvent the system undetected for some time. Secondly, there was a failure of audit controls as neither internal nor concurrent auditors detected the irregularities, suggesting weak control.

Thirdly, real-time technological solutions to integrate SWIFT and CBS were not in place, leaving the fraud undetected. These included lack of coordination among law enforcement agencies, resulting in delays in investigation and prosecution.

Additionally, the involvement of shell companies obscured beneficial ownership, leading to legal complexities. Transnational aspects of the fraud also posed challenges for extradition and asset recovery, highlighting the challenges of local enforcement in the fight against transnational financial fraud.

This is part of the bigger problem - the enforcement gap in the detection of fraud.

3.1.4 Regulatory Changes & Enforcement Regime

The PNB scam resulted in India's financial and legal system being reformed. The passage and implementation of the Fugitive Economic Offenders Act, 2018⁴¹ tackled the problem of economic offenders fleeing India, by allowing their assets to be confiscated. Application of the PMLA was more rigorous enabling active tracing and freeze of assets.

In addition, regulatory changes in the banking sector brought in enhanced due diligence, collateral and end-use of credit facilities. SWIFT and CBS were integrated, making the occurrence of such scams less likely.

The creation and strengthening of the National Financial Reporting Authority (NFRA) improved audit practices, which were lacking in the case.⁴² In sum, the fraud provided an impetus to improve India's enforcement framework, showcasing how laws and regulations are often developed in response to major frauds.

⁴¹ Fugitive Economic Offenders Act 2018, s 4.

⁴² 'Nirav Modi Scam: Why We Need Banking Reforms' (*Governance Now*, 2024)

<https://www.governancenow.com> accessed 15 March 2026.

For general queries or to submit your research for publication, kindly email us at ijalr_editorial@gmail.com
<https://www.ijalr.in/>

3.2 Yes Bank Crisis (2020) ⁴³

3.2.1 Crisis & Modus Operandi

The 2020 Yes Bank crisis was not a case of outright fraud, rather a systemic banking crisis due to corporate governance and risk management issues. The bank had taken an aggressive approach to lending by providing credit to distressed corporations, including large business conglomerates with poor creditworthiness. This led to a build-up of Non-Performing Assets (NPAs), which were supposedly underreported.

The situation was exacerbated by the practice of evergreening loans by issuing new loans to service existing loans and thereby hiding the bank's financial distress. There were also allegations of misclassification of bad assets and inadequate disclosure, misleading investors and the regulator.

Therefore, compared to PNB, the Yes Bank crisis also demonstrates that mismanagement and governance issues, rather than fraudulent activities, can cripple a financial institution.

3.2.2 Intervention by the regulator (RBI)

The Reserve Bank of India (RBI) was the key adjudicator and regulator in the crisis. As the crisis was unfolding and confidence was eroding, RBI put a 30-day ban on withdrawals from Yes Bank in March 2020 to prevent a bank run and panic.⁴⁴

RBI took unprecedented steps by:

Replacing the Board of Directors and dismissing the management
Bringing in a new administrator
Designing a reconstruction plan, in which other banks, led by State Bank of India (SBI),⁴⁵ provided funds to Yes Bank and gained equity stake. This step ensured the continuity of banking operations and safeguarded the interests of depositors, and proved the RBI's role as the lender of last resort and the stabiliser of the system.

3.2.3 Regulatory Weaknesses & Failures⁴⁶

India's financial system has several gaps, highlighted by the Yes Bank crisis. Firstly, corporate governance was compromised, with the management taking excessive risks in

⁴³ Salil Gupta, 'India: Yes Bank Moratorium, 2020' (2025) 7(2) *Journal of Financial Crises* 157

⁴⁴ Reserve Bank of India, 'Yes Bank Ltd. Reconstruction Scheme, 2020' (Notification No. DOR.BP.BC.No.39/21.04.141/2019-20, 13 March 2020).

⁴⁵ State Bank of India, 'Investment in Yes Bank under Reconstruction Scheme' (2020) <<https://sbi.co.in>> accessed 19 February 2026.

⁴⁶ 'The Anatomy of a Crisis: Yes Bank' (*Ideas for India*, 20 February 2025) <<<https://ideasforindia.in>>> accessed 22 February 2026.

For general queries or to submit your research for publication, kindly email us at ijalr_editorial@gmail.com
<https://www.ijalr.in/>

lending. Secondly, risk management was poor, leading to the build-up of stressed assets. Secondly, there was a lack of timely regulatory action. While there were early warning signs about asset quality and financial stress, it was not promptly addressed, questioning the effectiveness of the supervision. Moreover, the crisis reflected shortcomings in disclosure standards, with misreporting of NPAs deceiving stakeholders. This led to weak market discipline and confidence.

These shortcomings are indicative of systemic issues, such as regulatory forbearance, poor internal governance and oversight of private banks.

3.2.4 Impact & Regulatory Reforms

The Yes Bank crisis had regulatory and policy repercussions. ⁴⁷RBI's actions avoided a potential systemic crisis and reaffirmed depositor faith. The bailout plan, with SBI and other banks injecting capital into the bank, prevented its closure.

Since the crisis, there has been a focus on:

- Improving corporate governance in private sector banks
- Improving risk and compliance arrangements
- Enhancing regulatory oversight and early warning indicators
- Implementing stronger disclosure and transparency measures

The crisis also emphasised the need for the role of RBI in ensuring financial stability and the need for early intervention to arrest financial stress.

3.3 IL&FS & DHFL Crisis: NBFC & Enforcement

3.3.1 Nature of Crisis & Modus Operandi

The default of Infrastructure Leasing & Financial Services (IL&FS) and Dewan Housing Finance Corporation Ltd. (DHFL)⁴⁸ is a crisis in the Indian Non-Banking Financial Company (NBFC) sector, marked by systemic financial mismanagement, over-leveraging and governance issues. In 2018, IL&FS failed to meet several debt obligations, causing a

⁴⁷ S Varma, 'The Yes Bank Crisis: Corporate Governance, Supervision and Resolution' [2021] 59 *Economic and Political Weekly* 24 <<<https://www.epw.in/yes-bank-crisis-governance-resolution>> accessed 18 February 2026.

⁴⁸ V Rao, 'DHFL, Related Party Transactions and Insolvency Governance' [2022] 12 *Corporate Insolvency Law Review* 58 <<https://cilr.in/dhfl-related-party-transactions>> accessed 22 February 2026.

For general queries or to submit your research for publication, kindly email us at ijalr_editorial@gmail.com
<https://www.ijalr.in/>

financial crisis in the sector. Excessive borrowing, inadequate risk assessment of projects and misallocation of funds, especially in infrastructure financing, led to the crisis.

Likewise, DHFL was implicated in diversion of funds through shell entities and evergreening of loans and fraudulent lending, where funds were directed to related parties. These cases highlighted how the NBFCs, with less regulatory oversight than banks, were exposed to murky transactions and undisclosed risks.

So, these examples demonstrate how the risk in NBFCs has built up, rather than isolated fraud, resulting in financial contagion.

3.3.2 Adjudicating & Regulatory Bodies

The management of both cases of IL&FS and DHFL was primarily under the purview of the National Company Law Tribunal (NCLT), which commenced insolvency proceedings to protect the interests of creditors and to restructure the group. National Company Law Tribunal. For IL&FS The Government replaced the board with a new management. A resolution plan was implemented to categorise assets and staggered resolution. For DHFL Insolvency under the IBC resulted in resolution through sale and restructure.

Further, the National Financial Reporting Authority (NFRA)⁴⁹ contributed by scrutinising the audit lapses and professional negligence, highlighting the auditors' responsibility to detect financial anomalies. National Financial Reporting Authority. Other regulators like the RBI, SEBI, and ED also played their role through surveillance, investigation and enforcement activities, suggesting a regulatory approach involving multiple agencies.

3.3.3 Regulatory Weaknesses & Failures

These scandals highlighted the vulnerabilities in India's financial and regulatory framework. Firstly, there were issues with NBFC regulation, where systemic risks and heightened leverage were not detected for an extended period of time. Secondly, there were failures in corporate governance, as boards of directors failed to provide effective oversight of management. Thirdly, there were audit failures, where auditors failed to detect fraud and incorrect reporting of financials. Third, regulators failed to find red flags and take timely action. The intricacy of financial arrangements and interconnected lending also posed challenges. Further, the resolution process was often delayed owing to legal and procedural

⁴⁹ National Financial Reporting Authority, 'Orders Relating to Audit Misconduct in Financial Reporting Cases' (2023) <<<https://nfra.gov.in>> accessed 22 February 2026.

For general queries or to submit your research for publication, kindly email us at ijalr_editorial@gmail.com
<https://www.ijalr.in/>

constraints, especially in large insolvencies. Inter-sectoral coordination issues also surfaced due to multiple regulators.⁵⁰

The deficiencies highlight the common problem with the enforcement framework in India of well-drafted laws but poor implementation and timeliness.

3.3.4 Effect & Reforms in Enforcement Framework

India's financial sector regulatory framework was reformed in response to the IL&FS and DHFL crises. Initiation of insolvency proceedings under IBC enhances the functioning of NCLT in dealing with large financial defaults and safeguarding creditors' interests.

Reforms in the post-crisis period helps in strengthening of NBFC regulations by RBI such as enhanced monitoring and regulatory requirements, greater scrutiny of audit practices and increased accountability (NFRA), better management of risks and disclosure standards, improved corporate governance and board oversight.

These helped in tracking of systemic risks and strengthening of financial sector. But issues like protracted resolution and enforcement lapses remain.

3.4 Critical commentary

3.4.1 PNB - Nirav Modi Scam

While the RBI's ban on Letters of Undertaking and SWIFT-CBS integration successfully plugged the hole that allowed the fraud to take place, these decisions were made after significant losses had been incurred. This was thus a reactive response. The ED and CBI took many action to recover the funds and prosecute, but convictions and recovery likely was delayed by global extradition challenges and international jurisdictional complexities. These took several years to resolve, demonstrating that cross-border fraud cases cannot be resolved quickly.⁵¹ The key constraints were inadequate bank controls and auditing, lack of agency coordination, and inefficient international cooperation.

3.4.2 Yes Bank Crisis

The moratorium, board replacement and reconstruction plan imposed by the RBI successfully avoided panic and contagion. The rescue was a success in terms of crisis management. But the need for emergency intervention also suggests supervisory

⁵⁰JD Supra, 'Understanding India's Evolving Legal and Regulatory Framework for Combating Financial Fraud' (2023) <<https://jdsupra.com>> accessed 12 March 2026.

⁵¹JD Supra, 'Understanding India's Evolving Legal and Regulatory Framework for Combating Financial Fraud' (2023) <<https://jdsupra.com>> accessed 12 March 2026.

For general queries or to submit your research for publication, kindly email us at ijalr_editorial@gmail.com
<https://www.ijalr.in/>

intervention was delayed, despite signs of problem assets and poor governance. Because this was more a prudential than a criminal failure, the focus was not on convictions but restructuring.⁵² Restructuring and accountability proceedings took a long time. Anticipatory supervision was delayed other than the absence of powers.

3.4.3 IL&FS & DHFL Crisis

Rescues, insolvency and inquiries prevented chaotic bankruptcy and provided an avenue for creditor recovery. This helped to calm markets. But concluding resolution processes were slow due to complex group structures, litigation, multiple creditors and valuation issues. In these cases, restructuring can take place before convictions, potentially resulting in "too slow" convictions. Key constraints were insufficient early leverage monitoring, poor governance, lengthy insolvency processes and confusion over regulators' jurisdiction.⁵³

Across the three case studies, we find that while Indian authorities have considerable powers and they often "go big" in crisis, there are deficiencies in preventive monitoring, timely convictions, and fast procedures. The problem is not only lack of law and its provision, but timeliness in implementation, cooperation and enforcement.⁵⁴

SYSTEMATIC CHALLENGES RECOMMENDATION & WAY FORWARD

4.1 Jurisdictional Overlaps: RBI vs SEBI vs ED

The financial regulatory landscape in India is marked by a multi-regulator system, with regulators operating under different legal frameworks. The Reserve Bank of India (RBI) oversees banks and non-banking financial companies (NBFCs), the Securities and Exchange Board of India (SEBI) regulates capital markets and protects investors and the Enforcement Directorate (ED) investigates money laundering and economic crimes.⁵⁵

This division of labour allows for specialised knowledge, but also creates overlaps and gaps in enforcement. Complex financial scams, particularly those involving the banking, securities market and international trade, prompt simultaneous inquiries from various

⁵²*Ibid.* (2023)

⁵³*Ibid.* (2023)

⁵⁴*Ibid.* (2023)

⁵⁵ 'Conflicts of Jurisdiction between SEBI and Other Regulators' [2024] 7(2) India Law Journal 18
<https://www.indialawjournal.org/archives/volume7/issue2/jurisdiction-conflicts> accessed 15 February 2026.

For general queries or to submit your research for publication, kindly email us at ijalr_editorial@gmail.com
<https://www.ijalr.in/>

regulators. This leads to parallel investigations, inconsistent findings and delays in the process.⁵⁶ On occasion, regulators take a "wait-and-see" approach by waiting for the findings of other regulators before taking action, thus delaying enforcement.

Further, while there are mechanisms for coordination, turf wars and unclear jurisdictional demarcations plague inter-agency coordination. This is especially so in complex cases, such as those involving NBFCs or groups, where financial transactions cut through regulatory lines.

A further aspect of this issue is the opacity and access to structured data. For example, although SEBI publishes aggregate enforcement statistics, granular complaint-specific data - particularly via platforms such as SCORES - is not easily available in a structured format.⁵⁷ This hampers independent assessment of regulatory effectiveness and accountability in the financial system.⁵⁸

4.2 Failure to Investigate and Prosecute⁵⁹

Another major issue with India's enforcement system is the slow process of investigation and prosecution of financial frauds.⁶⁰ These cases involve intricate financial arrangements, cross-border aspects and a high volume of paper and electronic evidence. This makes multi-agency co-ordination necessary for investigations, and results in procedural delays.

These are exacerbated by legal complications, numerous appeals and evidentiary issues, which extend the adjudication process. In many cases, the enforcement agencies wait for preliminary investigations by regulators (such as RBI or SEBI) to file criminal cases with agencies such as ED or CBI. Such a procedure results in delays and provides opportunities for accused to take advantage of the process.

Observational data also shows a declining trend in the number of cases taken up for prosecution despite increasing number of frauds, suggesting underutilisation of resources.

⁵⁶ Sharma and Dutta, 'Comparative Analysis of Financial Fraud Regulation: India v United Kingdom' [2024] 59(4) Economic and Political Weekly 24 <https://www.epw.in/journal/2024/financial-sector/comparative-analysis-financial-fraud-regulation.html> accessed 17 February 2026.

⁵⁷ Securities and Exchange Board of India Act 1992, s 11.

⁵⁸ Unveiling Financial Frauds: Assessing the Effectiveness of Indian Regulatory Bodies' [2024] 5 International Conference Proceedings 312 <https://proceeding.unisayogya.ac.id/index.php/ic/article/view/99> accessed 20 February 2026.

⁵⁹ A Roy, 'Money Laundering and Regulatory Enforcement Challenges under the Prevention of Money Laundering Act' [2024] 9 NALSAR Law Review 112 <https://www.nalsar.ac.in/lawreview/money-laundering-regulatory-enforcement-challenges> accessed 24 February 2026.

⁶⁰ Prevention of Money Laundering Act 2002, s 45.

For general queries or to submit your research for publication, kindly email us at ijalr_editorial@gmail.com
<https://www.ijalr.in/>

Agencies like SFIO, ⁶¹ although armed with expertise, have a comparatively lower number of cases to deal with financial frauds in the economy.

These delays undermine the deterrent impact of enforcement, loss of public trust and bring down the overall confidence in the regulatory enforcement.

The graph (Fig:1) trend suggests that within the space of six years, the cases have come down to nearly 80 percent whereas the number of reported corporates defrauds has increased during the same period. The mismatch between the scale of the frauds and the handful of cases the SFIO has identified show some signs of systematic underuse of the enforcement resources and the enforcement process is questionable.

4.3 Scanty Use of Forensic/Artificial Intelligence Based Monitoring.

With the growing technological interventions in the financial system, forensic accounting, artificial intelligence (AI) and data analytics play an important role in the detection of fraud. Yet, in India, the use of such tools is not widespread.⁶²

While some regulators and banks have started to adopt risk-based monitoring and pattern recognition, a significant part of fraud detection is still based on manual audits, periodic inspections and whistleblowing. This means that frauds are detected only after significant losses have been incurred.⁶³

Insufficient forensic skills and cyber investigation capability further hampers enforcement. Further, lack of data matching systems among regulators hampers real-time monitoring of suspicious transactions.

As a result, enforcement in India remains largely reactive and needs to be proactive, through technological upgrades and capacity building.

4.4 Cross-Border Enforcement & Extradition

Increasingly, financial frauds have a cross-border dimension with involvement of offshore entities, tax havens and international money transfers. This poses problems for Indian law enforcement authorities. Matters involving *big ticket* economic criminals, such as fugitives,

⁶¹ Serious Fraud Investigation Office, 'Investigation Case Load Data 2017-2024' (MCA 2024).

⁶² S Kumar and A Grisdhar, 'Cyber Fraud and Regulatory Challenges in India' [2024] 3 ICPSYSH2 Conference Proceedings 201 <https://icpsysh.org/proceedings/2024/cyber-fraud-regulatory-challenges> accessed 2 March 2026.

⁶³ 'Technological Barriers in Forensic Investigations' [2025] 19 Journal of Digital Forensics, Security and Law 114.

can involve extradition. Variations in legal principles, human rights protections and procedural safeguards of foreign countries result in delays in obtaining custody of the accused.

Furthermore, transnational asset tracking and recovery is a slow and complex process, involving multiple jurisdictions and mutual legal assistance treaties (MLATs).⁶⁴ Lack of an efficient and effective international enforcement regime also creates challenges.

This gives rise to cases where enforcement is slowed or watered down, thereby limiting the efficacy of domestic laws in combating international financial crimes.

4.5 RECOMMENDATION & WAY FORWARD

4.5.1 Strengthening Inter-Agency Coordination

A key weakness of India's enforcement regime is the siloed operation of various regulatory agencies like the Reserve Bank of India, Securities and Exchange Board of India, Enforcement Directorate and SFIO. To avoid jurisdictional and time delays, it is necessary to set up a co-ordination forum or nodal fraud monitoring agency.

This will enable real-time information exchange, coordinated investigations and collective enforcement approaches, which will prevent overlap and help streamline processes. The establishment of inter-agency task forces with defined responsibilities and deadlines would promote accountability and ensure timely and effective enforcement,⁶⁵ particularly in multi-sectoral fraud cases.

4.5.2 Adoption of Technologically and AI-Powered Anti-Fraud Systems

The evolution of financial frauds calls for the use of cutting-edge technologies like artificial intelligence, machine learning and big data analytics. Both regulators and financial institutions need to move from reactive to proactive systems to detect fraudulent activities in real-time.

⁶⁴ Ministry of External Affairs, 'List of Extradition Treaties and Arrangements' (MEA 2025) <https://www.mea.gov.in/extradition-treaties.htm> accessed 5 March 2026.

⁶⁵ Financial Action Task Force, 'Mutual Evaluation Report of India' (FATF 2024).

For general queries or to submit your research for publication, kindly email us at ijalr_editorial@gmail.com <https://www.ijalr.in/>

The combination of AI-based anomaly detection, blockchain-based monitoring and automated risk analysis can help shorten the detection time of fraud.⁶⁶ Furthermore, creating centralised digital databases and inter-operable systems across different regulators will allow real-time monitoring of transactions and better enforcement of regulations.⁶⁷

4.5.3 Consolidation of Laws and Regulations

India has a fragmented financial regulatory framework with several laws, including the Companies Act, Prevention of Money Laundering Act (PMLA), Insolvency and Bankruptcy Code (IBC) and the Securities and Exchange Board of India Act (SEBI) resulting in multiple jurisdictions and conflicts in procedures. It is important to harmonise and consolidate laws to eliminate uncertainties and multiple proceedings.

Consistent guidelines on jurisdictional matters, sharing of evidence and agency co-ordination should be established to enhance enforcement. Furthermore, reforms should seek to minimise delays in the legal process and to improve coordination between civil, regulatory and criminal actions in order to ensure the effectiveness of legal processes.

4.5.4. Training and Development

To enforce financial fraud laws, it is crucial to have expertise in forensic accounting, cyber forensics, and data analytics. Ongoing training and capacity building of regulatory authorities, law enforcement officers and judges is essential to stay updated on new financial crimes.

Setting up forensic laboratories and special investigative units within law enforcement agencies can improve their capacity to tackle financial fraud. Partnerships with universities and international bodies can also enhance their technical expertise and facilitate knowledge transfer.⁶⁸

4.5.5. Adoption of International Best Practices

India can learn from best practices in other international regulatory bodies like the U.S. Securities and Exchange Commission (SEC) and Serious Fraud Office (UK SFO).

⁶⁶ 'Blockchain and Immutable Audit Trails' [2025] 25 Journal of Corporate Law Studies 72.

⁶⁷ The Anatomy of a Crisis: Yes Bank' (Ideas for India, 15 January 2024)

<https://www.ideasforindia.in/topics/macroeconomics/anatomy-of-yes-bank-crisis> accessed 10 March 2026.

⁶⁸ 'Legal Roundup: White Collar Crime and Enforcement Trends' (SCC Online Blog, 20 July 2025)

<<https://www.sconline.com/blog/post/2025/07/white-collar-crime-trends>> accessed 2 April 2026.

For general queries or to submit your research for publication, kindly email us at ijalr_editorial@gmail.com
<https://www.ijalr.in/>

These countries focus on robust whistle blower protection, ⁶⁹fraud courts, quicker investigation times and efficient asset recovery. Adapting these practices to the Indian environment can result in better transparency, enforcement and conviction rates for financial fraud.

4.5.6 Enhancing Corporate Governance and Compliance

The first line of defence against financial fraud is at the corporate level with strong governance and compliance measures. Organisations should have more rigorous internal control, independent audit and risk management practices.⁷⁰

Government regulators should require greater disclosure, periodic compliance assessments and accountability of directors and senior management. Enhancing the independence and role of audit committees and independent directors can lead to greater oversight and detection of anomalies.⁷¹ Moreover, promoting an ethical business culture and compliance-based governance will minimise fraud and help ensure long-term financial sustainability.

It will also enable a single point of fraud oversight and empowered inter-agency taskforce to streamline the investigatory process, avoid resource wastage and combine enforcement. This will make the process clearer, reduce turf issues and accelerate decision-making. Increase the use of AI, machine learning and big data techniques by the regulators to monitor in real-time, detect anomalies and predictions on risk. Promote the adoption of digital forensics approach and collaborative analytics platforms to enhance early detection of fraud.⁷² Integrate and harmonise financial frauds legislation to define the scope and avoid overlapping in investigations and make them mutually recognisable. Create rules for inter-agency co-operation to ensure delays are kept to a minimum and operations are as effective as possible.⁷³

⁶⁹ Raghavan and Gupta, 'Whistleblowing Frameworks and Corporate Transparency in India' [2023] 18 International Journal of Corporate Law 67 <https://ijcl.org/articles/whistleblowing-frameworks-corporate-transparency-india> accessed 20 March 2026.

⁷⁰ Forensic Audit as a Tool for Prosecution' [2025] 77 The Chartered Accountant Journal 56.

⁷¹ Raghavan and Gupta, 'Whistleblowing Frameworks and Corporate Transparency in India' [2023] 18 International Journal of Corporate Law 67 <https://ijcl.org/articles/whistleblowing-frameworks-corporate-transparency-india> accessed 20 March 2026.

⁷² Transparency International India, 'Corruption Perception Study: Focus on Corporate Fraud' (TII 2025) <https://transparencyindia.org/resource/corporate-fraud-study-2025> accessed 30 March 2026.

⁷³ Mangala and Soni, 'Analysis of Banking Industry Financial Frauds' [2025] 16 RDIAS Journal of Management & IT 88.

For general queries or to submit your research for publication, kindly email us at ijalr_editorial@gmail.com
<https://www.ijalr.in/>

Provide regulators and law enforcement personnel with special training in forensic accounting, cyber forensics and data analytics. Create special cyber forensic units and collaborate with academia and other international agencies in refreshing the skills and techniques. It will also enable a single nodal fraud risk management body or/and a powerful cross-agency taskforce to centralise the investigation process, avoid overlaps and bring in enforcement agencies. This will make the process clearer, reduce turf issues and accelerate decision-making.

Enhance the use of artificial intelligence (AI), machine learning and big data analytics by the regulators to track in real-time, identify anomalies and predict risk. Use cyber forensics and collaborative analytics platforms to enhance fraud prevention in the earlier phases of the crime cycle.

Consolidate and harmonize laws on financial frauds to define roles and responsibilities and avoid overlap in investigations and allow outcomes to be recognised. Introduce specific guidelines on inter-agency cooperation to enable the reduction of time and increase the power of law enforcement.

Enhance skills of regulators and law enforcers through training on forensics, cyber forensics and data analytics. Create special cyber forensic units and collaborate with academia and other international institutions to update skills and tools.

CONCLUSION

In conclusion, fraud in the Indian financial system is a big risk to the integrity and stability of the economy, impacting their investor and corporate governance. While we have a complex multi agency regulatory framework that has several key regulators such as the RBI, SEBI, MCA, ED and SFIO, to detect, investigate and prevent frauds, there still remains some critical issues. The regulatory response is both weakened by jurisdictional conflicts, delays, failure to adopt the latest forensic and AI technologies, and has weak enforcement mechanisms across borders. Furthermore, weak whistleblower protection and someplace low conviction rates also reduce the enforcement deterrent affect.

5.1. Revisit of Research Objectives

The aim of the current study is to offer a critical review of the regulatory and enforcement framework in India to deal with financial fraud and evaluate if the legal and institutional

framework in place is adequate to prevent, detect, investigate, prosecute, and deter economic crimes. The modern concept of financial fraud is not only limited to cheating or embezzlement; it also encompasses corporate accounting fraud, bank fraud, insider trading, transfer of funds, shell companies, money laundering and offshore concealment of funds. It has a direct impact on investor and depositor trust, market integrity and even national economic development. In line with this, the research sought to: understand the legislative framework on fraud, powers of key regulatory bodies, enforcement results, weaknesses of the system, major case studies, and suggest reforms to improve the effectiveness and efficiency of the anti-fraud system⁷⁴. These were the prime objectives of the study and have been largely achieved by way of doctrinal, institutional and empirical analysis.

5.2 Overall Findings of Law and Institutions

One of the key findings of the research is that India has a comprehensive array of laws to tackle financial fraud. The Companies Act, 2013 has provisions dealing with the punishment of corporate fraud, and powers to investigate serious offences.⁷⁵ The Prevention of Money Laundering Act provides for tracing, attachment and seizure of property derived from crime⁷⁶. The SEBI Act and other regulations prohibit insider trading, fraudulent transactions and practices, market manipulation and default in disclosure.⁷⁷ FEMA oversees illegal foreign exchange transactions and transfer of funds. Insolvency laws also offer avenues of corporate rescue and creditor protection.⁷⁸ These laws show that India has a comprehensive, specialised and multifaceted law that can deal with various aspects of economic crime.

The regulatory system is also broad. The Reserve Bank of India regulates banks, non-banking financial institutions and financial markets, the Securities and Exchange Board of India (SEBI) oversees securities markets, the Ministry of Corporate Affairs is responsible for enforcement of company laws, the Serious Fraud Investigation Office investigates sophisticated corporate frauds, and the Enforcement Directorate deals with money laundering and foreign exchange law violations.⁷⁹ These authorities have considerable powers in terms of inspection, summon, search and seizure, attachment, freezing, penalties,

⁷⁴ A Roy, 'Money Laundering and Regulatory Enforcement Challenges under the Prevention of Money Laundering Act' [2024] 9 NALSAR Law Review 112.

⁷⁵ Companies Act 2013, s 447.

⁷⁶ Prevention of Money Laundering Act 2002, s 3.

⁷⁷ Securities and Exchange Board of India Act 1992, s 11.

⁷⁸ Foreign Exchange Management Act 1999, s 13.

⁷⁹ Serious Fraud Investigation Office, 'Annual Status Report on Corporate Frauds FY 2023-24' (MCA 2024).

For general queries or to submit your research for publication, kindly email us at ijalr_editorial@gmail.com
<https://www.ijalr.in/>

intervention and referral for prosecution. So the study concludes that the key problems with the Indian system are not the lack of powers, but the failure to effectively convert these into timely and effective enforcement.

5.3 Enforcement Effectiveness

A second key research question was to explore whether the regulatory powers are having a positive impact on enforcement. Our research shows a mixed bag. Regulators often investigate, issue show-cause notices, carry out inspections, levy fines and announce new measures in response to significant frauds. Such moves show the institutional ability and desire to act. But progress from investigation to final resolution can be slow.

Proceedings may take years due to the complexities of financial fraud cases, which may involve large volumes of documents, multiple individuals, electronic evidence, shell corporations, overseas jurisdictions and intricate financial arrangements. Attachment of assets may be done early in the process, but confiscation or recovery may take longer. Likewise, cases may be charged, but conviction rates are relatively low, if compared to the number of investigations or complaints. This undermines deterrence, as certainty and timeliness of punishment are more important than severity.

Thus, the study suggests, India is better at beginning rather than bringing to closure enforcement actions. The publicity of raids, attachments, investigations, or regulatory actions is strong, but the subsequent effects of lengthy adjudication is weak. In financial regulation, legitimacy is not just about the powers exercised to initiate action, but also about the timely and final exercise of power.⁸⁰

5.4 Case Study Findings

This study's case studies provide evidence in support of the above.

The Punjab National Bank (PNB)⁸¹ Nirav Modi scam showed how loopholes in operations, internal controls and audit can help a massive fraud go undetected. Following exposure, the government took robust action in criminal investigation and prosecution, attachment of assets, extradition attempts, and banking reforms like the suspension of Letters of Undertaking and linking of systems for monitoring. But extended overseas proceedings and

⁸⁰ Mangala and Soni, 'Analysis of Banking Industry Financial Frauds' [2025] 16 RDIAS Journal of Management & IT 88.

⁸¹ *Punjab National Bank v Nirav Modi & Ors* Special Case No 22 of 2018

For general queries or to submit your research for publication, kindly email us at ijalr_editorial@gmail.com
<https://www.ijalr.in/>

slow recovery highlighted the difficulties in post-fraud recovery in cross-border cases. This case confirms that post-exposure measures cannot replace pre-emptive measures.⁸²

The Yes Bank case revealed another but related lesson. It demonstrated that financial damage does not result only from fraudulent activities; poor governance, concentration of lending, failure to timely recognise stress and lax internal controls can also cause similar damage. The Reserve Bank of India managed to put a moratorium, change the management and oversee reconstruction, thereby forestalling the panic of the depositors and contagion. However, the need for emergency rescue implied that red flags were not heeded in a timely manner. The incident, therefore, emphasises the need for early intervention rather than subsequent rescue.

The IL&FS and DHFL issues highlighted risks in the NBFC sector relating to excessive leverage, governance, disclosure, related-party issues and the timing of actions. Resolution measures provided market stabilisation and an avenue for creditor recovery. But the complexity and time involved reduced efficiency and showed institutional capacity problems when dealing with large systemic institutions.⁸³ These cases demonstrate that although India has established strategies for containment and resolution, we need to improve early warning and rapid resolution.

5.5 Regulatory Powers and Enforcement Gaps

One key finding of this research is that India's fraud problem is not a legislative one, but an enforcement problem. India already has dedicated legislation and institutions. However, there are still some deficiencies.

First, where there is overlap of different regulators, efforts may be redundant, evidence may not be shared promptly, and roles may be unclear. Frauds may involve a combination of banking, securities, money laundering, insolvency and corporate governance concerns. In the absence of clear coordination, multiple regulators may operate in a serial rather than simultaneous way.

Second, another problem is Speed of disposal, Cases involving forensic accounting, electronic records, cross-border transactions, and multiple suspects take time to investigate,

⁸² 'Legal Hurdles in Extraditing Economic Offenders' [2025] 23 Journal of International Criminal Justice 210.

⁸³ *Serious Fraud Investigation Office v Neeraj Singhal* [2023] INSC 121.

For general queries or to submit your research for publication, kindly email us at ijalr_editorial@gmail.com
<https://www.ijalr.in/>

but unnecessary delays in imposing sanctions, referring cases to prosecution, or prosecuting and sentencing cases also reduce deterrence.

Third, availability of the technologies and its applicability. Some entities have introduced the risk of surveillance, risk and alerts, as well as data mining, but much remains reliant on the audits, regular inspections, and complaints. In the digital world, fraud detection needs to be quick and in real time.⁸⁴

Fourth, Global and international enforcement is quite difficult. Economic offenders are increasingly relying on offshore entities, multiple remittances and overseas assets. Local powers that might be the robust, but extradition and recovery require a reliance on foreign powers and co-operation arrangements that may take time.

5.6 How the Study Met its Objectives

The study has achieved its aims in several ways. It analysed the legislative framework and showed that India has a vast array of laws against financial frauds. It mainly examined the powers of institutions which demonstrate that capacity that exists on paper. It assessed operational effectiveness and demonstrated the gap between detecting fraud, prosecuting cases and holding the perpetrators accountable. It used major case laws to show that how legislation is tested in real world practice and where institutional vulnerabilities lie. It also mapped common problems of delay, multiple and overlapping mandates, technological inadequacy and trans-border issues. Finally, it provided a reformist perspective on how India can enhance deterrence and regulatory effectiveness.⁸⁵

Conclusion & Remarks

India is at a critical juncture of financial regulation. It has already established the legal and institutional framework to tackle economic crime. The next step is to translate these legal advantages into efficient, coordinated, transparent and technology-enabled enforcement.⁸⁶

Cooperation between agencies, centralised intelligence collection and sharing, expeditious adjudication, specialised forensic investigation, whistleblower protection and proactive supervision are all needed. We also need to improve corporate governance to ensure that

⁸⁴ 'Technological Barriers in Forensic Investigations' [2025] 19 Journal of Digital Forensics, Security and Law 114.

⁸⁵ S Kumar and A Grisdhar, 'Cyber Fraud and Regulatory Challenges in India' [2024] 3 ICPSYSH2 Conference Proceedings 201.

⁸⁶ Transparency International India, 'Corruption Perception Study: Focus on Corporate Fraud' (TII 2025) <https://transparencyindia.org/resource/corporate-fraud-study-2025> accessed 15 March 2026.

For general queries or to submit your research for publication, kindly email us at ijalr_editorial@gmail.com <https://www.ijalr.in/>

corporate boards, auditors and top management are the first line of defence, not the first line of attack.

If we are willing to pursue such reforms, India will not only transform from a scandal-based to a predictive, forensic, and credible system, but will also reinforce trust in its markets, attract investment, protect depositors, and drive sustainable economic growth. It is not just to ensure fraudsters are punished, but to maintain market confidence, instil investor faith, safeguard depositors, and fuel economic growth. The key to the success of the Indian anti-fraud regime in the future will not be additional legislation, but efficient, timely and certain enforcement of existing laws.⁸⁷

India needs to enhance inter-agency coordination by a nodal fraud oversight body or an activated taskforce which can be centralised or empowered to build a healthy and transparent financial environment. This will also help in reducing operational load, redundancy and quicken the enforcement process. Concurrently, the adoption of new technology through the use of artificial intelligence-based fraud detection, cyber forensics and data analytics will help in monitoring malpractices in real-time and early detection of their presence.⁸⁸ The need to streamline the statutes and demarcate jurisdictions is also important to prevent the redundancies in processes and provide a quicker prosecution.

Cyber forensics and forensic accounting training will provide skill to the enforcement agencies, which are capable of also handling more complex financial crimes. International best practices, such as best practices of U.S. Securities Exchange Commission and UK Serious Frauds Office may help India to increase the deterrent effect of whistle blowers, create special courts to hear the fraud and improve the recovery of assets.

Finally, the improvement of the corporate governance and compliance standards in different areas will not only help in prevention of fraud but also develop an ethical culture that will allow growth. With this commitment to adopt these strategic changes, India will be able to move from the reactive to proactive and preventive position, and hence, hedging its financial market, ensuring the investor protection and good health of the economy in general will be required to sustain the growth and maintain the reputation in the international arena.

⁸⁷ 'Annual Average Registration of ECIRs by ED Jumps Fivefold Since 2019' (Factly, 10 January 2025) <https://factly.in/data-ed-ecir-registrations-growth> accessed 20 March 2026.

⁸⁸ 'Forensic Audit as a Tool for Prosecution' [2025] 77 The Chartered Accountant Journal 56.

For general queries or to submit your research for publication, kindly email us at ijalr_editorial@gmail.com
<https://www.ijalr.in/>

REFERENCES


1. Enforcement Directorate. (2025). *Annual report 2024–25*. Directorate of Enforcement. https://enforcementdirectorate.gov.in/sites/default/files/2025-05/Annual_Report_24-25.pdf
2. Reserve Bank of India. (2025). *Fraud statistics 2018–2025*. <https://rbi.org.in>
3. Securities and Exchange Board of India. (2025). *Annual reports 2018–2025*. SEBI. <https://sebi.gov.in/reports/annual-reports.html>
4. Ministry of Corporate Affairs. (2025). *Registrar of companies filings and prosecutions data*. Government of India. <https://mca.gov.in>
5. Yadav, V. S., Tiwari, A., Chansoriya, M., & Aujla, J. S. (2025). Exploring India's digital financial landscape: Emerging trends and fraud vulnerabilities. *International Journal of Research and Public Policy (IJRPR)*, 6(3), 234–251. <https://ijrpr.com/uploads/V6ISSUE3/IJRPR40346.pdf>
6. Sharma, R., Singh, A., & Patel, K. (2025). Analyzing the fraud tendency in the Indian banking sector. *Journal of Management Research and Analysis*, 11(3), 142–157. <https://jmra.in/archive/volume/11/issue/3/article/16046>
7. Mangala, S., & Soni, R. (2025). Analysis of banking industry financial frauds. *Effulgence Journal*, 23(1), 95–106. https://effulgence.rdias.ac.in/user/article_pdf/Artical_vol23_1_95_106.pdf
8. Indian Government. (2023). *Companies Act, 2013* (No. 18, Acts of Parliament). Ministry of Law and Justice. <https://legislative.gov.in/actsofparliamentfromtheyear/companies-act-2013>
9. Hindustan Times. (2025, May 6). ED says cases of bank fraud declined after investigations. <https://www.hindustantimes.com/india-news/ed-says-cases-of-bank-fraud-declined-after-investigations-101746508384841.html>
10. Drishti IAS. (2025). Money laundering issue in India. <https://www.drishtiias.com/daily-updates/daily-news-analysis/money-laundering-issue-in-india>
11. Securities and Exchange Board of India (SEBI). (2025). *Annual report 2024–25*. SEBI. https://www.sebi.gov.in/reports-and-statistics/publications/aug-2025/annual-report-2024-25_96014.html
12. National Financial Reporting Authority (NFRA). (2024). *Annual report 2023–24*.

For general queries or to submit your research for publication, kindly email us at ijalr_editorial@gmail.com
<https://www.ijalr.in/>

Ministry of Corporate Affairs, Government of India. <https://nfra.gov.in/document-category/nfra-domain/>

13. Enforcement Directorate (ED). (2025). Annual report 2024–25. Directorate of Enforcement, Ministry of Finance, Government of India. https://enforcementdirectorategov.in/sites/default/files/2025-05/Annual_Report_24-25.pdf
14. Reserve Bank of India (RBI). (2025). Financial fraud statistics and regulatory updates. RBI. <https://rbi.org.in>
15. Serious Fraud Investigation Office (SFIO). (2024). Annual report 2023–24. Ministry of Corporate Affairs, Government of India. <https://mca.gov.in>

APPENDIX



भारतीय प्रतिभूति और विनियम बोर्ड
Securities and Exchange Board of India

By RTI MIS Portal

Central Public Information Officer
Email: cpio_bo@sebi.gov.in

CPIO/MP/695/2025-26
August 01, 2025

Mr. Vrushang Prajapati
Plot 34/1, sector 26,
Kishannagar, Gandhinagar,
Gujarat, Pin:382028

Sir/ Madam,

Sub: Information sought under Right to Information Act, 2005 (RTI Act)

This has reference to your application with Reference No. SEBIHR/E/25/00852 dated 03.07.2025 received by SEBI through RTI MIS Portal. Our reply is as under:


Reply to Query No.1 & 2:
The information with respect to number of investigations taken up for violation of various SEBI Regulations are available on SEBI website at www.sebi.gov.in under category "Reports & Statistics" Publications. Annual Reports for the relevant period. Further, any enforcement action taken by SEBI, is available in public domain on the SEBI website: www.sebi.gov.in under the head "Enforcement".

Reply to Query No. 3:
The information sought by you with respect to complaints received by SEBI related to fraud and misrepresentation by listed companies from 2018 to 2024, is not captured on SCORES. Hence the same is not available with SEBI.

However, you may refer to SEBI annual report published every year with respect to data on different type/category of complaints received under the chapter of Protection of the investors interest. The link of the same is given below:
<https://www.sebi.gov.in/sebiweb/home/HomeAction.do?doListing=yes&sid=4&ssid=80&smid=101>

Reply to Query No. 4:
The financial statement frauds and year-wise data are available in public domain in the Annual Report for the respective years. The same is available at SEBI website under Report & Statistics (link: [SEBI Annual Report](#)).
Post investigation, whenever violations are established, appropriate enforcement actions are taken under the provisions of the SEBI Act, 1992 and Regulations framed thereunder which culminate in the issuance of Orders. These Orders are available in

सेबी भवन, "जी" ब्लॉक, बंदरा-कुर्ला कॉम्प्लेक्स, मुंबई - 400 051
SEBI Bhavan, "G" Block, Bandra Kurla Complex, Mumbai - 400 051
www.sebi.gov.in | 022 - 2644 9000 / 4045 9000



भारतीय प्रतिभूति और विनियम बोर्ड
Securities and Exchange Board of India

अनुवर्ती:
Continuation:

the public domain and can be accessed from SEBI website under the category enforcement section (link: [SEBI Enforcement - Orders](#)).

Reply to Query Nos. 5 and 6:
The information sought by applicant is strategic in nature, and its disclosure of which may hamper the decision-making by SEBI in their supervisory and regulatory role. Further, the disclosure of such strategic and confidential information may compromise the interest of the securities market and could impact the economic interests of the country. Accordingly, the information sought is exempted under s 8(1)(a) of the RTI Act, 2005

Reply to Query No. 7:
The information sought by you pertains to the internal functioning of SEBI, the disclosure of which may hamper the decision making by SEBI in its supervisory and regulatory role and may impede the process of investigation. Further, no such database is maintained by SEBI in normal course of regulation of securities market. In view of the above, the information sought is exempted under Section 8(1)(h) of the RTI Act, 2005.

In case you are not satisfied with the reply, you may appeal to **First Appellate Authority – Dr. Ruchi Chojer, Executive Director SEBI**, SEBI Bhavan, Plot No. C-4A, G Block, Bandra Kurla Complex, Bandra (E), Mumbai 400 051 or <https://rtionline.gov.in/appeal/firstAppeal.php> within thirty days of the receipt of this letter.

Yours faithfully,

B J Dhillip

APPENDIX 1: Reply to RTI of SEBI Dated 1/08/2025.

राष्ट्रीय वित्तीय रिपोर्टिंग प्राधिकरण /
National Financial Reporting Authority

7th Floor, Hindustan Times House,
Kasturba Gandhi Marg, New Delhi

File No RTI Dated : 30/07/2025

To
Vrushang Prajapati
प्लॉट 34/1, सेक्टर 26, किशननगर,
गंधीनगर, गुजरात, पिन:382028
संपर्क नंबर: 8849954603

विषय: आरटीआई आवेदन का उत्तर


महोदय,

कृपया अपने आरटीआई आवेदन दिनांक 03/07/2025 के माध्यम से मांगी गई जानकारी के संबंध में उत्तर नीचे दें:

क्र.सं	जानकारी मांगी गयी	उत्तर/सूचना
1	Please provide the number of audit quality reviews conducted by NFRA from 2018 to 2024 (year-wise).	तत्काल संदर्भ के लिए लिंक इस प्रकार दिया गया है: https://nfra.gov.in/document-category/audit-quality-review-aqr-report/
2	Out of the total reviews conducted, how many cases involved detection of financial irregularities or suspected fraud (year-wise)?	
3	Please provide the number of auditors or audit firms penalized or debarred by NFRA for professional misconduct or negligence related to financial fraud from 2018 to 2024 (year-wise).	तत्काल संदर्भ के लिए लिंक इस प्रकार दिया गया है: https://nfra.gov.in/document-category/orders/
4	Please provide details of any technology tools, including AI or data analytics, used by NFRA for audit quality reviews or fraud detection from 2018 to 2024.	उपरोक्त आदि के बारे में आवश्यक विवरण निम्नलिखित लिंक से AQR रिपोर्ट से प्राप्त किए जा सकते हैं: https://nfra.gov.in/document-category/audit-quality-review-aqr-report/


2. यदि आवेदक इस संबंध में अपील दायर करना चाहता है, तो उसे इस उत्तर की प्राप्ति के 30 दिनों के भीतर ऐसा करना होगा।

3. अपील नीचे दिए गए अनौपचारिक प्राधिकारी को संबोधित की जानी चाहिए:-
सुबी विष्णु सूद,
सचिव, परम्पकआर,
7वीं मंजिल, हिंदुस्तान टाइम्स हाउस,
कस्तूरबा गांधी मार्ग, नई दिल्ली - 01.


सिंहसुदीप सिंह अहूजा
 कौन्सिलर और सीपीओओ
 सचिव: subi@nfra.gov.in
 सचिवालय: subi@nfra.gov.in
 सचिवालय: subi@nfra.gov.in
 राष्ट्रीय वित्तीय रिपोर्टिंग प्राधिकरण
 National Financial Reporting Authority
 7th Floor, New Delhi

For general queries or to submit your research for publication, kindly email us at ijalr_editorial@gmail.com
<https://www.ijalr.in/>

Appendix 2 : RTI reply from NFRA Dated 30/07/2025.



भारत सरकार Govt. of India
कार्पोरेट कार्य मंत्रालय Ministry Of Corporate Affairs
गंभीर कथित अन्वेषण कार्यालय Serious Fraud Investigation Office

B-3 wing, 2nd Floor,
 Pt. Deendayal Antyodaya Bhawan,
 CGO Complex, Lodhi Road, New Delhi-110003
 Tele No: 011-24369244-46

वी.3 विंग, द्वितीय तल,
 पंजित दीनदयाल अंत्योदय भवन,
 केन्द्रीय कार्यालय परिसर, लोधी रोड, नई दिल्ली-110003

F. No: 43/2025-RTI(Inv.) दिनांक/ Dated: 01-08-2025

To,
 Vrushang Prajapati
 Plot 24/1, sector 26, Kishannagar,
 Gandhinagar, Gujarat, Pin:382028

Subject: Information sought under the Right to Information Act, 2005- reg.

Sir

Please refer to your RTI application in SFIVO/R/T/25/00061 dated 08/07/2025 received on transfer on RTI Portal requesting for certain information. The information is provided below

2. Point 1: No such cases are reported to Serious Fraud Investigation Office (SFIO). It is to inform that SFIO investigates into the affairs of a company, under Section 212 of the Companies Act, 2013, such cases as are assigned to it by the Central Government i.e. Ministry of Corporate Affairs.


Point 2: The details of cases assigned to SFIO for investigation is as below

FY	No. of cases assigned for investigation
2017-18	22
2018-19	33
2019-20	26
2020-21	20
2021-22	14
2022-23	7
2023-24	5

Point 3: No such information available
 Point 4 and 5: Transferred to CPIO (Prosecution)
 Point 6: No such information available
 Point 7: SFIO engages various tools as per the requirements. Disclosure of the information will prejudice the investigation/prosecution proceedings. Hence the information sought cannot be shared under section 8(1)(h) of the RTI Act, 2005.

3. If you are not satisfied with the above reply, you may go for appeal to the First Appellate Authority, whose details are given below:

Shri Vipul Gupta, Joint Director (Inv.), Serious Fraud Investigation Office, Ministry of Corporate Affairs, Pt. Deen Dayal Antyodaya Bhawan, CGO Complex, Lodhi Road, New Delhi-110003

Yours faithfully,

 के. वी. राव/K V Rao
 Deputy Director/CPIO (Inv.)

APPENDIX 3: Reply to RTI from SFIO Dated 1/08/2025.