

Serious Fraud Investigation Office (SFIO) was established in 2003. But even after 17 years of its operation, financial frauds have taken no seprive.

SFIO was constituted on Nallesh Chandra committee recommendation in the back-  
drop of rising market scams. It was provided power under companies Act to investigate complex frauds with multi disciplinary externalities and large public interest. It can also take help from Income Tax Department and CBI.

However, Financial stability report of RBI highlights more than 6,500 frauds amounting 30,000 cr between 2017-18. Several scams like PMC fraud, Nisar Modi, Vijay malya, Dewan Housing etc shows that SFIO remained toothless agency.

concerns and way forward.

(i) Suo-moto cognigence - SFI needs central governments approval before starting investigation both inside & outside border.

This hampers its independence and delays the procedure.

Thus, it should be allowed to initiate proceedings on its own.

(ii) Independent legislation - SFIO works under companies Act 2003 which provides it statutory status.

This limits its scope beyond company fraud and create dilemma of multiple agency of overlapping jurisdiction.

Thus similar to criminal justice Act of UK, it should have its own legal backing.

(iii) Relating frauds - SFIO is unable to investigate frauds and related crimes.

thus in accordance with Nareishchandra  
committee it should act as supervising  
agency.

thus providing more power and  
independency to such agency along with  
state government cooperation with SFIO  
will create a deterrence culture to stop  
corporate frauds.