

Dispensations Granted to Companies regarding repayment of Deposits

3921. SHRI R. PRABHU: Will the Minister of LAW, JUSTICE AND COMPANY AFFAIRS be pleased to state:

(a) in how many cases the Department of Company Affairs have granted dispensations under Section 58(A) of the Companies Act to companies in respect of repayment of deposits;

(b) what are the terms and conditions under which such dispensations are given;

(c) how the Department monitors the enforcement of these conditions by the companies;

(d) whether any contraventions of the conditions imposed have been brought to the notice of the Government; and

(e) if so, whether Government have revoked these provisions in any case?

THE MINISTER OF LAW, JUSTICE AND COMPANY AFFAIRS (SHRI P. SHIV SHANKAR): (a) Under sub-section (8) of section 58A of the Companies Act, 1956, the Company Law Board granted, upto February, 1981, extension of time in 34 cases for repayment of deposits accepted in excess of the prescribed limits.

(b) In addition to the specific conditions attached in any individual case, the general conditions subject to which such extension of time is granted *inter alia* are about prohibitions regarding further acceptance of deposits, declaration of dividends, making investments etc., and also about requirements regarding payment of arrears of interest within a specified period, regular payment of interest in future, etc.

(c) Each company, granted exemption or extension is required to submit a half-yearly returned duly certified by the Statutory Auditors indicating amounts due for repayment, repayments made and closing balance (with prescribed break-up) of such deposits for repayment. The Auditors are also required to certify that the entire interest due has been paid.

(d) No, Sir.

(e) Does not arise.

Failure of companies to repay deposits

3922. SHRI R. PRABHU: Will the Minister of LAW, JUSTICE AND COMPANY AFFAIRS be pleased to state:

(a) whether it is a fact that several complaints have been received against the failure of the companies to repay the deposits taken by them;

(b) if so, total number of complaints received during the years 1977-78 and 1978-79;

(c) in how many of these cases, the companies have retained the deposits in contraventions of the provisions of the Section 58(A) of the Companies Act and the rules made thereunder;

(d) in how many of these cases sub-section (5) of the Section 58(A) of the Act was invoked and the grievances of the depositors redressed; and

(e) what effective measures Government proposes to take to ensure timely repayment of such deposits by the Companies?

THE MINISTER OF LAW, JUSTICE AND COMPANY AFFAIRS (SHRI P. SHIV SHANKAR): (a) Yes, Sir.

(b) The Registrars of Companies received 1522 complaints about non-payment of public deposits by non-banking non-financial companies during April, 1977 to March, 1978 and about 809 complaints during April, 1978 to March, 1979. This apart, during 1978, about 1100 complaints were also received in the headquarters of the Department of Company Affairs.

(c) and (d). Of the 83 prosecutions sanctioned upto 31st March, 1980 by the Department for violation of various provisions of section 58A and the rules made thereunder, prosecutions have been launched in 60 cases and the courts have imposed certain penalties in 7 cases. It is for the court to give necessary relief to the depositors under