

**GOVERNMENT OF INDIA  
LAW , JUSTICE AND COMPANY AFFAIRS  
LOK SABHA**

UNSTARRED QUESTION NO:644  
ANSWERED ON:28.02.2000  
DISQUALIFICATION FOR AUDITOR OF THE COMPANY  
DR. KIRIT SOMAIYA

**Will the Minister of LAW , JUSTICE AND COMPANY AFFAIRS be pleased to state:**

- (a) whether the Department of Law, Justice and Company Affairs is considering the proposal for not allowing an auditor of a company to have any shares in that company;
- (b) if so, whether a CA, who is a shareholder of a public limited company, is liable to be disqualified to become an auditor of that public limited company;
- (c) if so, whether the Government have held any discussions with the Institute of Chartered Accountants regarding the norms and guidelines for the auditors to be appointed for the public limited companies; and
- (d) if so, the steps being proposed by the Department and the Institute of Chartered Accountants against the CAs/auditors in case of delinquencies particularly of the CRB Group?

**Answer**

MINISTER OF LAW, JUSTICE AND COMPANY AFFAIRS ( SHRI RAM JETHMALANI )

- (a) & (b) : The Government has introduced the Companies (Second Amendment) Bill, 1999 in the Lok Sabha on 23rd December, 1999. This Bill, inter-alia, contains provisions for disqualifying a person for appointment as auditor of a company if he holds any security of that company after a period of one year from the date of commencement of the Companies (Second Amendment) Act, 1999.
- (c) No Sir.
- (d) The auditors of the CRB Group Companies are not holding any shares of the companies. As such the question of taking any step against them does not arise.