

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

STARRED QUESTION NO:148
ANSWERED ON:06.03.2000
DEFAULTING PUBLIC LIMITED COMPANIES
ANANT GANGARAM GEETE

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

- (a) whether the Department of Company Affairs has prepared a list of the Public Limited Companies which have faced heavy erosion of Equity Capital/Assets during the last five years;
- (b) if so, the details in this regard particularly in respect of Steel, Synthetic Fibre, Papers and Textile Industry;
- (c) the details of the funds to be paid to the banks/financial institutions by such companies; and
- (d) the steps taken/proposed to be taken in this regard?

Answer

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

(a) : Companies are required to file the Annual Accounts and Balance Sheet as a statutory obligation in the office of Registrar of Companies as per provisions of Companies Act, 1956. Specific studies/analysis of financial health of companies is taken on the request of the nodal Ministry (ies) or if complaints have been received from Statutory bodies like Reserve Bank of India (RBI) , Securities & Exchange Board of India (SEBI) etc.

P.T.O.

:: 2 ::

(b), (c) and (d) : Paper is a delicenced industrial commodity. The Ministry of Textiles has informed that 29 Cotton/Man-made Fibre Mills were closed down during 1999-2000. 7 units are registered with Board for Industrial and Financial Reconstruction (BIFR) and 331 Cotton/Man-made Fibre Mills have been reported as closed as on 31.12.1999. Technological obsolescence is one of the main reasons for erosion of equity capital etc. An Expert Committee on Textile Policy constituted in 1998 by the Ministry of Textiles has submitted its report and the recommendations of the Committee are under consideration.

With regard to Steel, rise in input costs, lack of adequate demand, dumping from neighbouring countries have mainly contributed to the erosion of equity capital. A Steel Exporters Forum has been set up by the Department of Steel to help steel exporters to overcome bottlenecks in exports, rationalization of Duty Entitlement Pass Book, rates for steel exports has been carried out. An empowered Committee has been set up to examine and assist specific Research & Development projects and enhance quality of Indian steel by the Department of Steel.

There is no built in system to collect such information by the Department of Banking.