

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:7350
ANSWERED ON:12.05.2000
ACTION AGAINST VANISHED COMPANIES QUESTION
DR. KIRIT SOMAIYA;RAMSHETH THAKUR

Will the Minister of FINANCE be pleased to state:

- (a) whether the Bombay Stock Exchange has taken action against the vanished companies on the recommendations of SEBI;
- (b) if so, the details thereof indicating the names of such companies;
- (c) whether BSE or SEBI has also formulated any regulation in regard to refund of money to the investors;
- (d) if so, the details thereof; and
- (e) if not, the reasons therefor?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE

(SHRIBALASAHEB VIKHE PATIL)

(a) & (b) 129 companies which have raised about Rs. 490 crores, have so far been identified as `vanishing` companies. The market regulator, the Securities and Exchange Board of India (SEBI) has issued orders to 57 companies and 214 promoters/directors of these companies, prohibiting them from associating with the capital market in any manner for a period of 5 years. SEBI has forwarded a list of such companies to all the stock exchanges directing them to suspend trading, if any, in these scrips. In this connection, the Stock Exchange, Mumbai (BSE) has suspended trading in 25 scrips.

(c) (d) & (e) A provision has been made under section 11B of the SEBI Act that enables SEBI to take action against any person associated with the securities market provided the Board is satisfied that such action has been taken in the interest of the investors or of the securities market. Further, the SEBI Act is constantly under review with a view to improving its efficiency and effectiveness with regard to investor protection.