

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

UNSTARRED QUESTION NO:7660  
ANSWERED ON:16.05.2002  
CRIMINAL PROSECUTION OF DIRECTORS OF COMPANIES  
UMMAREDDY VENKATESWARLU

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

- (a) whether the Government are considering allowing of criminal prosecution of Directors of companies which do not meet obligations of payment of public deposit;
- (b) if so, the details thereof;
- (c) whether a number of companies funded by IDBI and FIs are also defaulting on payment of deposits taken from the public;
- (d) if so, the steps, the Government propose to take to bring about compliance of rules in this regard;
- (e) whether any interim action is contemplated in this regard; and
- (f) if so, the details thereof ?

**Answer**

THE MINISTER OF LAW, JUSTICE & COMPANY AFFAIRS (SHRI ARUN JAITLEY)

- (a) to (d) : The provisions contained in Sections 58A, 58AA and 58AAA of the Companies Act, 1956 regulate the acceptance/repayment of deposits by Non-Banking Non-Financial Companies. The defaulting companies and their directors, including companies funded by IDBI and other FIs, are under obligation to ensure repayment of deposits on maturity/interest thereon as per provisions contained in the aforesaid Sections and in the event of default they are liable for prosecution under these provisions.
- (e) & (f) : The provisions contained in the aforementioned sections are stringent enough to deal with all companies which default in repayment of deposits/interest thereon to deposit holders. No other interim action is contemplated by Government.