

**GOVERNMENT OF INDIA
CORPORATE AFFAIRS
LOK SABHA**

STARRED QUESTION NO:313

ANSWERED ON:19.12.2008

MISLEADING THE INVESTORS

Mane Smt. Nivedita,Yadav Shri Anirudh Prasad (Sadhu)

Will the Minister of CORPORATE AFFAIRS be pleased to state:

- (a) whether cases of misleading the investors while raising money by the promoters of companies are increasing over a period of time;
- (b) if so,the details of such cases during the last three years;
- (c) whether the Government has any proposal to bring a new law to deal with such cases;and
- (d) if so,the details thereof?

Answer

THE MINISTER OF CORPORATE AFFAIRS(SHRI PREM CHAND GUPTA)

(a) to (d) A statement is laid on the Table of the Lok Sabha.

Statement referred to in the reply to Starred Lok Sabha Question No.313 regarding Misleading the Investors,for reply on 19.12.2008

(a) & (b): Under the Companies Act,1956,cases relating to misleading of investors are dealt with principally under section 63 & 68 of the Companies Act,1956.The details of cases filed by the Ministry during the last three years are as under:

Year Cases filed u/s 63 Cases filed u/s 68

(a) 2005-2006 03 05

(b) 2006-2007 04 05

(c) 2007-2008 02 07

(c) & (d): Government has introduced the Companies Bill,2008 in the Lok Sabha on 23rd October, 2008,which,inter alia,provides for detailed disclosures to be made by companies on the electronic registry already provided by the Government under the MCA-21 e-governance programme,regarding their financial affairs as well as compliance with various provisions of the law,for viewing by various stakeholders including investors.The Bill also provides a regulatory framework for access to capital by companies.It is also proposed to set up an Investor Education and Protection Fund to be administered by an authority constituted under the Act.In cases of misstatements/falsehoods in disclosures by companies,the Bill provides for both civil and criminal liability,along with stringent punishments.