

**GOVERNMENT OF INDIA  
CORPORATE AFFAIRS  
LOK SABHA**

UNSTARRED QUESTION NO:1344  
ANSWERED ON:04.03.2010  
AMENDMENT IN COMPANY ACT  
Chavan Shri Harischandra Deoram

**Will the Minister of CORPORATE AFFAIRS be pleased to state:**

- (a) the number of private sector companies prosecuted for non-compliance of provisions of Company Act, 1956 during the last three years;
- (b) the number of such cases which are still pending for prosecution as on date;
- (c) whether the Government proposes to amend the Company Act, 1956 for taking stringent action against the fake private sector companies registered under the Company Act; and
- (d) if so, the details thereof?

**Answer**

THE MINISTER OF CORPORATE AFFAIRS (SHRI SALMAN KHURSHID)

- (a) 13437 companies were prosecuted for non compliance of provisions of the Companies Act, 1956 during the last three years i.e. during the years 2006-07, 2007-08 and 2008-09.
- (b) 4531 cases are pending for prosecution and process of filing prosecution in these cases has been initiated.
- (c) & (d) The Ministry has introduced Companies Bill, 2009 in the Lok Sabha on 3rd Aug, 2009. Stringent provisions have been proposed under different clauses of the Bill for non compliance of provisions of the Bill. Section 631 of the existing Companies Act, 1956 provides for penalty against persons who carry on the business under any name or title in which the word "limited" or the word "private limited" are used, meaning thereby posing themselves to be carrying on business as a limited company without actually getting it registered under the Companies Act. The punishment provided under Section 631 is fine which may extend to five hundred rupees for every day upon which the name or title has been used. Provisions corresponding to existing section 631 of the Companies Act, 1956 have been retained in the Companies Bill, 2009, with enhanced punishment by way of minimum fine of Rs.1 lakh which is extendable upto Rs.5 lakhs.