

**GOVERNMENT OF INDIA  
CORPORATE AFFAIRS  
LOK SABHA**

STARRED QUESTION NO:427  
ANSWERED ON:26.08.2010  
COMPLAINTS AGAINST COMPANIES  
Singh Shri Sushil Kumar

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

- (a) whether the Special Fraud Investigation Organisation (SFIO) and Registrar of Companies (RoC) have received complaints against various companies/legal entities, including private telecom companies during the last three years and the current year;
- (b) if so, the nature and details of complaints; and
- (c) the follow-up action taken by the Government in this regard?

**Answer**

THE MINISTER OF CORPORATE AFFAIRS (SHRI SALMAN KHURSHID)

(a) to (c) : A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN ANSWER TO PARTS (a) TO (c) OF LOK SABHA STARRED QUESTION NO 427 REGARDING COMPLAINTS AGAINST COMPANIES

(a) and (b) The Serious Fraud Investigation Office (SFIO) is a multi disciplinary organization consisting of experts under the Ministry of Corporate Affairs to carry out investigation under the Companies Act, 1956. On receipt of complaints, the allegations are examined by Registrars of Companies and report under Section 234(6) of the Companies Act, 1956 is submitted to the Ministry with the recommendation to order investigation into the state of affairs under Section 235 of the Act. After processing the report under Section 234(6) of the Act, orders for Investigation of Corporate entities by SFIO are issued by Ministry of Corporate Affairs. During the last three complete years and the current year, 44 cases have been referred to SFIO for investigation including one private telecom company. Registrars of Companies (RoC) receive complaints against various companies from various stakeholders, such as shareholders, creditors, financiers, other Government Departments, members of public etc. These complaints can be grouped under two categories, namely, investors' complaints such as non-receipt of Balance Sheets, share certificates, dividend warrants, notices of shareholders' meetings, non-holding of Annual General Meetings, non-registration of transfer of shares etc., and complaints of serious nature against management such as non-payment of fixed deposits/interest on deposits and debentures, non-redemption of debentures/ bonds, diversion of funds, manipulation/fudging of accounts, mismanagement etc. The allegations pertaining to Company Law violations are looked into by Registrars of Companies and other matters outside the domain of this Ministry are looked into by concerned agencies like, Ministry of Finance, Reserve Bank of India, Securities and Exchange Board of India, Deptt. of Telecommunication, Enforcement Directorate, Central Bureau of Investigation, Income Tax Department etc. for necessary action.

(c) For redressal of investors' complaints, the offices of ROCs have an Investors Grievances Redressal Mechanism whereby the grievances are referred to the companies for redressal. Where the companies do not redress the investors complaints or the complaints involve allegations of serious nature, such as non-payment of fixed deposits/interest on deposits and debentures, non-redemption of debentures/bonds, diversion of funds, manipulation / fudging of accounts, mismanagement etc., scrutiny is taken up by the ROCs under Section 234 of the Companies Act, 1956 for logical conclusions and the ROCs initiate necessary legal actions/prosecutions against the errant companies. In cases, where wider public interest and serious allegations such as non-payment of fixed deposits/interest on deposits and debentures, non-redemption of debentures/bonds, diversion of funds, manipulation/fudging of accounts, mismanagement etc. are involved, inspections under Section 209A or investigations under Section 235/237 are carried out and thereafter, prosecutions for violations of provisions of Companies Act, 1956, Indian Penal Code, 1860 etc. noticed during such inspections and investigations are filed.