

**GOVERNMENT OF INDIA
CORPORATE AFFAIRS
LOK SABHA**

UNSTARRED QUESTION NO:687
ANSWERED ON:15.03.2012
VANISHING COMPANIES
Patle Kamla Devi

Will the Minister of CORPORATE AFFAIRS be pleased to state:

- (a) whether the Government proposes to make stringent provisions against those vanishing companies spread throughout the country including the State of Chattisgarh who cheat the small investors by promising extremely high returns under various schemes;
- (b) if so, the details thereof;
- (c) whether any study for getting feedback has been conducted and subsequently any committee is proposed to be constituted in this regard; and
- (d) if so, the details thereof?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF CORPORATE AFFAIRS(SHRI R.P.N. SINGH)

(a) & (b) Yes, Madam. The Companies Bill, 2011 provides for more detailed requirements in the form disclosures/declarations to be made by companies, and their promoters/first directors at the time of Incorporation. Detailed disclosure requirements on continuous basis have also been provided. Additionally, the Bill seeks enhancement of accountability through various clauses of the Bill viz appointment and accountability of Key Managerial Personnel, defining role of independent directors and enhanced penalties/fine/imprisonment etc.

(c) and (d) The proposed Companies Bill, 2011 incorporating the above provision was introduced in the Lok Sabha on 14.12.2011 and has been referred to the Parliamentary Standing Committee on Finance. The Bill was introduced after widespread discussions with stakeholders and on the basis of the recommendations of the Expert Committee on Company Law, 2005 headed by Dr. Jamshed J. Irani.