

**GOVERNMENT OF INDIA
CORPORATE AFFAIRS
LOK SABHA**

UNSTARRED QUESTION NO:4184
ANSWERED ON:06.09.2012
MISUSE OF PUBLIC ISSUE FUNDS
Siddeswara Shri Gowdar Mallikarjunappa

Will the Minister of CORPORATE AFFAIRS be pleased to state:

- (a) the details of complaints received by the Government against companies involved in misuse of public issue funds;
- (b) the steps taken or proposed to be taken to check misuse of such funds by companies; and
- (c) the names of companies against whom Government has taken action for misusing such funds?

Answer

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

- (a) Such complaints relate to misuse of public issue funds by way of diversion of funds, non-fulfillment of terms and conditions for the completion of the projects as per the time schedule given in the prospectus, non-traceability of the companies and their directors; etc;
- (b) Where a company is found violating the provisions of the Section 62, 63, 68 and 628 of the Companies Act, 1956, prosecutions are filed against the companies and their officers found to be in default. Where a company or its directors are not traceable, FIRs are filed. If circumstances warrant, private detective agencies are also engaged to trace out the disappeared companies and their directors. The Ministry has also devised an e-Form to be filed by the companies which came out with IPO so as to monitor the utilization of funds raised through IPOs and also, to detect the diversion of funds.
- (c) During 2009-10, 2010-11 and 2011-12, 27, 05 and 01 cases respectively were filed against the companies for violation of provisions of Sec. 63, 68 and 628 of the Act.