

**32**

**STANDING COMMITTEE  
ON FINANCE  
(2005-06)**

**FOURTEENTH LOK SABHA**

**MINISTRY OF COMPANY AFFAIRS**

**DEMANDS FOR GRANTS  
(2005-2006)**

*[Action Taken by the Government on the recommendations contained in the Twentieth Report of the Standing Committee on Finance on Demands for Grants (2005-2006) of the Ministry of Company Affairs]*

**THIRTY-SECOND REPORT**



**LOK SABHA SECRETARIAT  
NEW DELHI**

*December, 2005/Pausa, 1927 (Saka)*

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STANDING COMMITTEE ON FINANCE  
(2005-06)

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*[Action taken by the Government on the recommendations contained  
in the Twentieth Report of the Standing Committee on Finance on Demands  
for Grants (2005-2006) of the Ministry of Company Affairs]*

*Presented to Lok Sabha on 22 December, 2005*

*Laid in Rajya Sabha on 22 December, 2005*



LOK SABHA SECRETARIAT  
NEW DELHI

*December, 2005/Pausa, 1927 (Saka)*

**COF No. 32**

*Price : Rs. 14.00*

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Published under Rule 382 of the Rules of Procedure and Conduct of Business in Lok Sabha (Tenth Edition) and Printed by S. Narayan & Sons, B-88, Okhla Indl. Area, Phase-II, New Delhi-20.

## CONTENTS

	PAGE
COMPOSITION OF THE COMMITTEE .....	(iii)
INTRODUCTION .....	(iv)
CHAPTER I Report .....	1
CHAPTER II Recommendations/Observations which have been accepted by the Government .....	13
CHAPTER III Recommendations/Observations which the Committee do not desire to pursue in view of the Government's replies .....	17
CHAPTER IV Recommendations/Observations in respect of which replies of the Government have not been accepted by the Committee .....	20
CHAPTER V Recommendations/Observations in respect of which final replies of the Government are still awaited .....	27

### ANNEXURE

Minutes of the sitting of the Committee held on 19 December, 2005 .....	28
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### APPENDIX

Analysis of the action taken by Government on the recommendations contained in the Twentieth Report of the Standing Committee on Finance (Fourteenth Lok Sabha) on Demands for Grants (2005-2006) of the Ministry of Company Affairs .....	30
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COMPOSITION OF THE STANDING COMMITTEE  
ON FINANCE —2005-2006

Maj. Gen. (Retd.) B.C. Khanduri — *Chairman*

MEMBERS

*Lok Sabha*

2. Shri Jaswant Singh Bishnoi
3. Shri Gurudas Dasgupta
4. Shri Bhartruhari Mahtab
5. Shri Shyama Charan Gupta
6. Shri Gurudas Kamat
7. Shri A. Krishnaswamy
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9. Dr. Rajesh Kumar Mishra
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11. Shri Rupchand Pal
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14. Shri K. S. Rao
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18. Shri Ajit Singh
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20. Shri Vijoy Krishna
21. Shri Magunta Sreenivasulu Reddy

*Rajya Sabha*

22. Shri Murli Deora
23. Shri R. P. Goenka
24. Shri Jairam Ramesh
25. Shri M. Venkaiah Naidu
26. Shri Yashwant Sinha

(iv)

27. Shri Chittabrata Majumdar
28. Shri S. P. M. Syed Khan
29. Shri Amar Singh
30. Shri C. Ramachandraiah
31. Shri Mangani Lal Mandal

*SECRETARIAT*

- |                              |   |                             |
|------------------------------|---|-----------------------------|
| 1. Shri John Joseph          | — | <i>Secretary</i>            |
| 2. Dr. (Smt.) P. K. Sandhu   | — | <i>Additional Secretary</i> |
| 3. Shri A. Mukhopadhyay      | — | <i>Joint Secretary</i>      |
| 4. Shri S. B. Arora          | — | <i>Deputy Secretary</i>     |
| 5. Shri T. G. Chandrashekhar | — | <i>Under Secretary</i>      |

## INTRODUCTION

I, Chairman, Standing Committee on Finance, having been authorised by the Committee to submit the Report on their behalf present this Thirty Second Report on action taken by Government on the recommendations contained in the Twentieth Report of the Committee (Fourteenth Lok Sabha) on Demands for Grants (2005-06) of the Ministry of Company Affairs.

2. The Twentieth Report was presented to Lok Sabha/ laid in Rajya Sabha on 20th April, 2005. The Government furnished the replies indicating action taken on all the recommendations on 12 July, 2005. The draft Action Taken Report was considered and adopted by the Standing Committee on Finance at their sitting held on 19 December, 2005.

3. An analysis of action taken by Government on the recommendations contained in the Twentieth Report (Fourteenth Lok Sabha) of the Committee is given in the Appendix.

4. For facility of reference, observations/recommendations of the Committee have been printed in thick type in the body of the Report.

NEW DELHI;  
*19 December, 2005*  

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*28 Agrahayana, 1927 (Saka)*

MAJ. GEN. (RETD.) B.C. KHANDURI,  
*Chairman,*  
*Standing Committee on Finance.*



## CHAPTER I

### REPORT

This Report of the Standing Committee on Finance deals with action taken by Government on the recommendations/ observations contained in their Twentieth Report (Fourteenth Lok Sabha) on Demands for Grants (2005-06) of the Ministry of Company Affairs which was presented to Lok Sabha/Laid in Rajya Sabha on 20 April, 2005.

2. The Report contained eight recommendations. Action taken notes have been received from the Government in respect of all the recommendations contained in the Report. These have been categorised as follows:

- (i) Recommendations/Observations which have been accepted by the Government:

Recommendation Nos. 1,2,3,4 and 5

(Total 5)

(Chapter II)

- (ii) Recommendations/Observations which the Committee do not desire to pursue in view of the Government's replies:

Recommendation Nos. 7

(Total 1)

(Chapter III)

- (iii) Recommendations/Observations in respect of which replies of the Government have not been accepted by the Committee:

Recommendation Nos. 6 and 8

(Total 2)

(Chapter IV)

- (iv) Recommendations/Observations in respect of which final replies of the Government are still awaited:

(Total Nil)

(Chapter V)

**3. The Committee desire that the replies to the recommendations contained in Chapter I may be furnished to them expeditiously.**

4. The Committee will now deal with the action taken by the Government on some of their recommendations.

## VANISHING COMPANIES

**Recommendation SI. No. 6 (Para Nos. 51 and 52)**

5. On the issue of “Vanishing Companies”, the Committee were deeply anguished to note that not much was being done to address investors’ grievances and save gullible investors from falling into the trap of “vanishing companies”. Instances of investors continuing to be duped by capital market swindlers were heard of as a matter of routine. The Committee observed that the exercise of identifying “vanishing companies” was undertaken by SEBI in the years 1998, 1999 and 2000. Apart from this endeavour of SEBI, the Committee noted that the Ministry of Company Affairs had not undertaken any serious exercise to maintain a continuously updated database of “vanishing companies”. The Committee, therefore, recommended that the Government should take suitable measures to identify the “vanishing companies”, debar the promoters/directors of such companies permanently, so as to eliminate any chances of them surfacing again and also ensure that the guilty were punished under the due process of law. While the Committee noted that the Government had launched prosecutions against “vanishing companies” under the Companies Act as well as Indian Penal Code, they felt that a lot more needs to be done. The Committee felt that unless the regulators got serious about their investigations and found ways to ensure that investors got back their money, the concept of investor protection would remain meaningless.

6. The Committee also recommended that the Government should take concrete measures to establish the veracity of Promoters and Directors of companies, inclusive of their capacity to raise funds at the time of their registration. They also felt that apart from ensuring penal action, details of Promoters/Directors of vanishing companies need to be widely publicized through newspapers and other media, which could contribute to protecting investors’ interest.

7. The Government, in their action taken reply, have stated as follows:

“The functions of SEBI under Securities and Exchange Board of India Act, 1992 include protecting the interest of the investors in securities and to promote the development of securities market by such measures as it thinks fit. In pursuance of these responsibilities, following the 1992 stock market scam, SEBI had identified, by October, 2000, 229 companies, which came out with IPOs during the period 1992-1998, as vanishing.

For identifying a company as vanished following Criteria has been adopted:

- (i) Companies, which have not complied with listing requirements/filing requirements of Stock Exchange/ROC respectively for a period of 2 years;
- (ii) No correspondence has been received by the Exchange from the company for a long time;
- (iii) No office of the company is located at the mentioned registered office address at the time of Stock Exchange inspection.

All the conditions laid down have to be met for treating a company as vanishing and companies satisfying one or more but not all conditions may not be considered as vanishing.

A Coordination and Monitoring Committee (CMC), co-chaired by Secretary, Ministry of Company Affairs (MCA) and Chairman, SEBI was set up in March, 1999 to settle the policy issues regarding the delinquent companies/promoters and to monitor the progress in regard to action against vanishing companies. The CMC is assisted by four Task Forces one each corresponding to a Region falling under the jurisdiction of four Regional Directors of Ministry of Company Affairs (MCA). Other members of these Task Forces are representatives of SEBI, Regional Stock Exchange and concerned Registrars of Companies. The main responsibility of these Task Forces is to identify the companies which have disappeared, or which have misutilised funds mobilised from the investors, and to suggest/take appropriate action in terms of Companies Act or SEBI Act or any other law applicable.

Following steps had been taken/ are being taken by the Ministry against the vanishing companies and its promoters/ directors under the relevant provisions of the Companies Act, 1956 and under the Indian Penal Code:

- (i) Prosecutions have been filed under Sections 62/63,68 and 628 of the Companies Act, 1956 against vanishing companies for misstatement in prospectus/ fraudulently inducing persons to invest money/ false statement made in the offer documents etc.
- (ii) Prosecutions filed under the Companies Act, 1956 for non-filing of statutory returns;
- (iii) FIRs have been Filed/Registered under the Indian Penal Code against the companies and its promoters/Directors of vanishing companies.

- (iv) Petitions have also been filed with the Company Law Board under Sections 397/398/402/408 read with Section 406 of the Companies Act, 1956 in respect of two selected vanishing companies to disgorge the properties/monies fraudulently obtained by promoters/Directors of these two vanishing companies.
- (v) The recommendations of the Expert Committee set up by the Ministry to advise the Government on the new Company Law, with regard to protecting the interest of the investors shall be examined in the Ministry from the point of view of providing a legal framework for safeguarding investor's interest.
- (vi) Details of Vanishing Companies and their Promoters/Directors are already available on the Website of the Ministry ([www.dca.nic.in](http://www.dca.nic.in)).
- (vii) Ministry is also examining feasibility of taking appropriate action against the Chartered Accountants (CAs) associated with public issue of securities made by Vanishing Companies, which had larger issue size (Rs. 10 crores or above).

CMC in its 14th meeting, held on 18.03.2005, had, *inter alia*, taken following decisions:

- (i) That the concerned Task Forces should continue to review the working of Vanishing Companies, which had been deleted from the list very closely for the next few years with a view to keeping a close watch so that, such companies do not indulge in fraudulent activities again.
- (ii) The committee had decided that the Task Forces should scrutinize IPOs which came during 1998-2001. Task Forces are also scrutinizing the list of companies sent by one of the Investors Association namely Midas Touch Investor Association.

Hon'ble Minister of Company Affairs launched a new Website <http://www.watchoutinvestors.com> on 9.11.2004. This website has been created by Prime Investors Protection Association and League, with financial assistance from the Investor Education and Protection Fund, help the investors to protect themselves from unscrupulous promoters,

companies and entities. This website is a national web- based registry covering entities including companies, intermediaries and, wherever available, persons associated with such entities, who have been indicted for an economic default and/or for non-compliance of laws/guidelines. It enables investors to do a free, fast and user-friendly search on such entities/persons before making any new investments and for continuously reviewing their existing portfolio *vis-a vis* such entities. This website also marks a step on the part of the Ministry in promoting investor protection through various means including investor awareness and education.

SEBI has invoked powers granted to it under Section 11/Section 11 B of the SEBI Act, 1992 and has issued orders against the vanishing companies and their promoters/Directors prohibiting them from associating in any way with the capital market activities. This order also prohibits them from dealing in securities and from accessing the capital market for a period of 5 years, which is the maximum permissible under the SEBI regulation. SEBI has debarred 100 companies and 378 Directors.

The Ministry of Company Affairs has set up in August, 2004 a Monitoring Committee (MC) for closely monitoring all cases of prosecutions launched under the Companies Act, 1956 and FIRs filed/registered under the Indian Penal Code against vanishing companies and their Directors. This Committee is co-chaired by Secretary, Ministry of Company Affairs and Chairman, SEBI and includes senior officials of various State Governments and the Commissioner of Police, Delhi or his representative.

The Committee has met twice so far. The last meeting of MC was held on 02.05.2005. Committee decided to take steps to closely monitor the progress of action by regular exchange of information between the Police authorities and the Registrar of Companies at the State level. State authorities were further asked to nominate Nodal Officers for this purpose to make coordination better and more effective association with the Registrar of Companies.

The latest position regarding Region-wise cumulative action taken against vanishing companies, their Directors/Promoters, is given below:

	Northern Region	Western Region	Eastern Region	Southern Region	Total
Number of vanishing companies	17	49	14	34	114
Number of companies against which prosecutions filed under Sections 62/63, 68 & 628 of the Companies Act, 1956	27	48	11	31	107
Number of companies against which prosecutions filed for, non-filing of statutory returns	16	47	11	20	94
Number of companies where FIRs filed.	16	42	14	28	100
Number of companies where FIRs registered	9	41	13	24	87

So far 21 directors promoters have been arrested by the Police authorities in the State of Gujarat.

8. The Government in their reply, have also stated as follows:

“Government is committed to protecting the interests of investors. The Expert Committee set up by the Ministry of Company Affairs to advise the Government on the new Company Law has submitted its report on 31st May, 2005. The recommendations of the Committee with regard to establishing veracity of promoters and directors of companies including for protection of interest of investors will be examined in the Ministry from the point of view of providing a legal framework for safeguarding investor’s interest. Implementation of MCA 21 and use of digital signatures would reinforce the addresses, veracity of promoters directors with a view to check this phenomena of Vanishing Companies. Further, in order to check the fly by night or frivolous companies from registration, sub-sections (3) & (4) of Section 3 of the Companies Act, 1956 were inserted in the Act through Companies (Amendment) Act, 2000 which came into effect from 13.12.2000. According to this amendment, every private and public company shall have to bring in liquid minimum paid up capital of one lakh rupees and five lakh rupees respectively at the

time of incorporation itself. The above amendment was brought out on the basis of the past experience that companies with small capital base were registered and raised public issues and then they become untraceable causing considerable damage to the investor community. Separately, Securities and Exchange Board of India has amended the SEBI (Disclosure and Investor Protection) Guidelines to enforce higher disclosure requirements pertaining to promoters of companies.

Details of Vanishing Companies and their promoters/ directors are already available on the Website of the Ministry ([www.dca.nic.in](http://www.dca.nic.in)). Action is being taken for publishing the details of vanishing companies through print media.”

**9. The Committee are constrained to point out that the attempts made by the Task Forces constituted to identify the number of ‘Vanishing Companies’ in addition to the 229 originally identified by the SEBI have not been detailed in the action taken reply. From the reply, the Committee also find that the number of Vanishing Companies have declined from 229, identified in 2000 to 114 in 2005. The reasons for this reduction have also not been detailed in the action taken reply. In the circumstances the Committee believe that the Government have not taken care to address the Central concern expressed by the Committee with regard to Vanishing Companies. It is commonly known that scores of companies are duping investors by fraudulently misutilising the funds mobilised and disappearing overnight. The Committee feel that it is essential to keep a strict tab on companies by ensuring their whereabouts as well as by ascertaining the details of the Promoters/Directors at the stage of registration itself. Punitive action must be taken against those companies which do not intimate changes in address etc., within the stipulated time-frame of 30 days.**

**10. The Committee further note that the Government have chosen to release the names of companies, intermediaries etc., indicted for economic offences and/or for non-compliance of law/guidelines on the newly launched website. The Committee, however, emphasize on the need for ensuring that the data base on erring companies, inclusive of ‘Vanishing Companies’ is continuously monitored and updated. The Committee also desire that the Government should ensure that adequate safeguards are provided so that a defaulting company is penalised and ‘Vanishing Companies’ do not resurface or resume operations under a different name or guise.**

## INSPECTION OF COMPANIES

**Recommendation (Sl. No. 7th, Para Nos. 66 and 67)**

11. While appreciating the steps taken by the Ministry towards computerization under the MCA-21 e-governance Project, the Committee noted with concern the explanation of the Government regarding the number of inspections. The Committee observed that the number of inspections done have gone up from 109 in 2003-04 to 197 till February 2005. However, when compared to the number of companies operating as on date i.e. 6,52,000, it was just a miniscule number. The Committee were dismayed to note that the Ministry envisaged to conduct inspection of only 0.2% of the companies during the current year. In this regard, the Committee were reminded of their recommendation of the previous year wherein they had expressed serious concern that the number of inspections were coming down year after year and had deplored the casual approach of the Government towards inspections. It seemed that the Government had become content with only marginal increase in the number of inspections to be conducted this year. The Committee found that their concerns regarding lesser inspections over the years had not been adequately addressed to by the Government for not taking any strong measures to rectify this problem. The Committee noted that this was despite the fact that inspection of companies was the primary responsibility of the Ministry's field organization and it was the most significant job entrusted to the Ministry.

12. The Committee were given to understand that the lesser number of inspections being carried out was a result of inadequate staff strength with the Government and after implementation of MCA-21 e-governance Project, some surplus staff would be available who would be transferred to the inspection wings. The Committee also noted that the cadre review Committee of the Indian Company Law Service had submitted its report and its recommendations were under examination. They had also been informed that the Shardul Shroff Committee on outsourcing the routine inspections under Section 209A was going to submit the report shortly. The Committee had recommended that the recommendations made by this Committee should be examined expeditiously and suitable steps should be taken to augment the staff strength of the Ministry apart from training those staff who were rendered surplus after the implementation of MCA-21 e-Governance Project.

13. The Government in their action taken reply have stated as under:  
"It is respectfully submitted that given the large number of registered companies, effective enforcement by inspections may not be feasible if



based on numbers derived as a percentage of the total number of companies. Under such a system, presuming that even if one per cent of the companies are inspected every year, the next turn for further inspection of a company would come only after 100 years, which would not have the desired deterrent effect.

Inspections of companies are required to be taken up based on reasonable belief that there is wrongdoing or non-compliance of law by the management of a particular company. Other reasons may be complaints from the public investors or on the published record of the company. The use of powers to inspect is intended to enable external intervention to guide companies towards compliance of law as also to detect and penalize cases of wrongdoing for deterrent effect. Measures have been taken to make inspection activity effective for improved enforcement of law.

As a first step, the overall inspection activity has been increased. 197 inspections were carried out in 2004-05 as compared to 107 in the previous year. In the current financial year i.e. 1st of April, 2005 to 20th June, 2005, approximately 80 inspection reports have already been received which is higher than the number received in similar period in the previous year. Further, the Ministry has ordered more than 24 investigations, which are being carried out through officers of SFIO. Efforts are being made to improve quality of inspection. Revised guidelines for technical scrutiny and inspections by ROCs have already been issued. The inspection manual is also being revised. The scrutiny and an analysis of inspection reports has been intensified and monitoring of prosecutions taken up. The Expert Committee on company law headed by Dr. J. J. Irani also went into various aspects related to inspections and investigations after considering the views of the Shardul Shroff Committee and has made its recommendations which are presently under consideration of the Govt. The Ministry has appointed another committee headed by Shri O. P. Vaish to consider ways and means of making prosecution more effective. Report of this committee is awaited.

The number of officers available for the inspection wing of the Ministry will increase once the total computerization of the Ministry's functions, especially, ROC office, under the project MCA-21, is completed and thereby number of inspections conducted will increase."

14. The Government in their action taken reply have also stated as under:

"The report by Shri Shardul Shroff, convener of the Expert Group (on Inspections & Penalties) was discussed in the Expert Committee on

Company Law (under Chairmanship of Dr. J. J. Irani) set up by Ministry of Company Affairs to make recommendations for revising the Companies Act, 1956. Various issues raised by Shri Shroff Expert Group were discussed in detail in Dr. Irani Committee and have been addressed in the report of the Irani Committee submitted to the Government on 31.5.2005. The report has been placed on website of the Ministry ("<http://www.dca.nic.in>") for general information. The cadre review examination is at final stage and the recommendations/report of the Ministry will be submitted to the DOPT soon. The inspection staff is presently deployed only in the Headquarter and the offices of RDs. It is being considered in the Cadre Review that inspection staff should be deployed with each ROC as well."

**15. The Committee understand that the guidelines for technical scrutiny and inspection by the Registrar of Companies (ROCs) have been revised and issued. Other measures taken or contemplated towards strengthening the inspection activity of companies include, intensifying the analysis of inspection reports and revision of the inspection manual. The Committee desire to be apprised of the details of the initiatives taken, or proposed to be taken, and their effectiveness in improving the quality of inspection of companies.**

**16. As per the Government's reply, inspection of companies is required to be taken up mainly on account of reasonable belief that there was wrongdoing or non-compliance of law by the management of a particular company. The Committee nevertheless, are of the view that it would be essential to increase the number of inspections as well, which could be on the basis of random selection of companies.**

**17. The Committee understand from the reply that the O. P. Vaish Committee has been appointed specifically to consider the ways and means of making prosecution more effective. As strengthening of the prosecution process is of utmost importance, the Committee desire that the report of the Committee be expedited and also considered by the Government with a view to make prosecution more effective.**

**18. The Committee further reiterate their earlier recommendation on expediting the computerisation of the Ministry's functions under the MCA 21 programme and cadre review examination as these initiatives would enable in increasing the number of officers available for deployment in the 'Inspection Wing' of the Ministry.**

## FILING OF STATUTORY RETURNS BY THE COMPANIES

**Recommendation (Sl. No. 8th, Para No. 74)**

19. The Committee lamented that 50% of the companies were not filing statutory returns and no concrete action was being taken against such companies by the Ministry. The Committee were of the opinion that this situation was no longer acceptable and needed to be changed. The Committee recommended evolving an effective means of identifying non-operating companies and also publish details of such companies through the print/electronic media. The Committee noted with concern that the present provisions did not act as a sufficient deterrent on the companies that delayed or did not file the statutory annual returns. The Committee noted that the Government had gone for a computerization exercise that would provide distinctive identification number to facilitate filing of annual returns. They, therefore, suggested that inconsistencies in filing of annual returns should be met with stringent penalties.

20. The Government in their action taken reply have stated as under:

“The Government had set up an Expert Committee headed by Dr. J. J. Irani to advise the Government on comprehensive revision of the Companies Act, 1956. The Committee has since submitted its report to the Government on 31-05-2005. The report has been placed on website of the Ministry (<http://www.dca.nic.in>) for general information. The report is under examination in this Ministry.

In the meantime, the Government has already issued a Scheme called Simplified Exit Scheme 2005, which is in operation from 1st February 2005 to 31st July 2005. Under the scheme, the companies, which are either not functioning or not intending to continue, have been given an opportunity to exit and get their names struck off from the Register of Registrar of Companies. To make the scheme successful, the Ministry has also made wide publicity through local as well as national dailies advertising the features of scheme and to familiarize the promoters. After the scheme, necessary penal action will be initiated against the defaulting companies/promoters/directors for non-filing” of statutory returns in pursuance with the SES-2005. After the period of the scheme is over, with exit of defunct companies, it is expected that the proportion of companies filing statutory returns will increase. Government would take necessary means to address the situation by making suitable legislative changes.

Further the action to improve the filing of documents by Companies is being taken incorporating the following:—

- (a) Taking assistance from professional bodies and institutes such as ICAI to motivate professionals such as Chartered Accountants/Company Secretaries, advising the companies to improve compliance.
- (b) Coordination and action with SEBI, Banking Division and Income Tax Department to ensure that the filing made before various authorities are consistent with the filings made before ROC and that such authorities based their statutory action on the data filed by companies with ROC's.
- (c) Improvement of fiscal infrastructure to enable efficiency operation in the office of ROCs to enable prompt filing of documents by companies.
- (d) Publicity of names of defaulting companies on the website of the Ministry/ROCs, etc.”

**21. The Committee are constrained to note that the reply is silent or evasive on the main concern expressed on the need for evolving an effective means of identifying non-operating companies, publishing details of such companies in the print/electronic media, and ensuring punitive action for inconsistencies in filing of annual returns. From the reply, it is evident that the Government seems to be only hoping that the proportion of companies filing their statutory returns would increase following the conclusion of the Simplified Exit Scheme, 2005, which *inter alia* gives an opportunity to companies, that are either not functioning or do not intend to continue to function, an opportunity to have their names struck off from the Register maintained by the Registrar of Companies. In view of the fact that as of now, 50% of the companies are not filing their statutory returns and no concrete action is being taken against the erring companies, the Committee reiterate their recommendation on the need for evolving an effective means of identifying the erring Companies and ensuring punitive action against them. The Committee also desire to be kept apprised of the concrete measures taken or proposed to be taken in this direction, which include, legislative changes proposed or contemplated to address the situation. The computerisation of the process of filing of annual returns by providing a distinctive identification number to the companies may also be intensified.**

## CHAPTER II

### RECOMMENDATIONS/OBSERVATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

#### **Recommendation (Sl. No. 1, Para No. 6)**

The Committee note with serious concern that certain discrepancies have crept in the figures supplied in Demands for Grants for the years 2004-2005 and 2005-2006. The explanation given by the Ministry that such inconsistencies would be avoided in future through the system of reconciliation with the Principal Accounts Office at regular intervals do not convince the Committee. This reconciliation exercise should have been completed well in advance of supplying figures in Parliamentary papers. They are of the view that the Government should take utmost care while furnishing the figures before Parliament. They expect that such discrepancies will not occur in future.

#### **Reply of the Government**

The observations of the Committee have been noted for compliance so that such discrepancies do not reoccur.

*G-20018/5/2005-BGT*

#### **Recommendation (Sl. No. 2, Para No. 10)**

The Committee are concerned to note that budgetary allocations were made by the Ministry with a casual approach due to which it had allowed a large sum of Rs. 1.6 crore allocated at BE stage which was retained even at RE stage, to be surrendered. When the accommodation was not available, the Ministry should have changed the allocations at RE stage but it did not do so and allowed the allocations to be surrendered. The Committee recommend the Government to come out with realistic Budgetary Estimates so that there is minimum gap between BE, RE and Actuals.

#### **Reply of the Government**

The budget provision under OE for 2004-05 allocated to SFIO was Rs. 1.60 crores, which was provided for regular contingent expenditure including renovation of space for the Head Office and expenditure for the regional office at Mumbai.

While the expenditure relating to regular various contingent expenditure and for the renovation of 2nd wing of this office could be made as expected, the expenditure for the establishment of regional office at Mumbai and other related expenditure could not be utilized as the accommodation which was to be arranged by the Ministry of Company Affairs could not materialize till the finalisation of last year's budget. Thus, the unutilized amount under OE head could be surrendered only at the final stage of review of budget expenditure for 2004-2005. The details of sanctioned budget, actual expenditure incurred by SFIO and amount surrendered under OE Head for the financial year 2004-05 are as follows:

(Rs. in crores)		
Amount Sanctioned	Actual Expenditure	Amount Surrendered
1.60	1.16	0.44

The observations of the Standing Committee in this regard have been noted for compliance in future.

*G-20018/5/2005-BGT*

### **Recommendation (Sl. No. 3, Para No. 21)**

The Committee note that SFIO which was intended to be a specialized agency, investigating cases of frauds involving large sum of money in excess of Rs. 50 crore and the interests of large section of the people is currently looking into 26 cases. They have been informed that within a period of two years, since SFIO came into being this number has increased from initial five or six references to 26 at present. They are given to understand that SFIO has to work within the ambit of the Companies Act, the procedures are long drawn and it has no powers similar to the ones like institutions enjoyed in other countries. The Committee were, however, informed that since this organization is very new, the Government will after gaining some experience further deliberate on improving the efficacy of this institution including conferring it with statutory status. Given the important nature of the functions which the SFIO is supposed to discharge, the Committee-desire that suitable measures be taken to further strengthen it.

### **Reply of the Government**

The issue of giving adequate power and reach to SFIO and role of SFIO were also deliberated by the Expert Committee headed by Dr. J. J.

Irani (the 'Irani Committee') which was set up by the Ministry of Company Affairs on 2/12/2004 to make recommendations on corporate law. In its report submitted on 31<sup>st</sup> May, 2005, that Committee *inter-alia*, has recommended the need to have a separate legislation for SFIO. Recommendations of the Committee are under consideration of the Government. The observations of the Committee to strengthen SFIO are taken note of.

*G-20018/5/2005-BGT*

**Recommendation (Sl. No. 4, Para No. 30)**

The Committee take note that the Competition Act, 2002 which was to replace the Monopolies and Restrictive Trade Practices Act, 1959 could not be made operational because of legal challenges in the Supreme Court of India. They have been informed that the Apex Court has given its judgment on 20.01.2005 with some observations in regard to issue of separation of powers. The representatives of the Ministry have stated that the amended Bill on the lines of suggestions made by Supreme Court would be tabled in the Monsoon Session, 2005. The Committee are of the view that this progressive legislation has already been delayed on account of legal tangles which could have been avoided, had the Ministry taken this aspect into account before its passing by both the Houses of Parliament. There should not be further delay in bringing conformity amendments. They expect that the Government would come forward with necessary legislation in the Monsoon Session, 2005 and get it enacted within the same session.

**Reply of the Government**

The Ministry has prepared certain proposals for amendment to the Competition Act, 2002 keeping in view the judgment of the Supreme Court dated 20.01.2005 in the matter of Brahm Dutt Vs. Union of India.

The process of consultations and approvals on these proposals has been initiated. Once necessary approvals are received, the Ministry would introduce proposals for amendment of the Competition Act, 2002 expeditiously.

*G-20018/5/2005-BGT*

**Recommendation (Sl. No. 5, Para No. 39)**

The Committee take note of the fact that Investor Education and Protection Fund (IEPF) has to its credit a whopping sum of about Rs. 352 crore upto 31.12.2004 and about Rs. 100 crores is added every year to the fund. This huge amount comes mainly from four sources, namely, share application money, debentures, unpaid dividends and unclaimed deposits. They are given to understand that this amount is credited to the Consolidated Fund of India and a budgetary allocation is made by the Parliament every year to run the activities under IEPF. In this way the Ministry contributes more funds to the Consolidated Fund of India than getting from it. They are dismayed to note that such huge amount of money deposited by the companies is not being utilized for the object under which it has been constituted. They have been informed by the Secretary, Ministry of Company Affairs that the Ministry is making a proposal saying that funds could be considered to be kept as interest bearing deposit which should flow back to them in the form of each years budget for taking up these activities. The Committee are in total agreement with this proposal and want that Government should clear this proposal as and when received.

**Reply of the Government**

The proposal of this Ministry that the IEPF should be considered to be kept as an interest bearing deposit is being taken up with the Ministry of Finance, Department of Economic Affairs (Budget Division).

*G-20018/5/2005-BGT*



## CHAPTER III

### RECOMMENDATIONS/OBSERVATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF THE GOVERNMENT'S REPLIES

#### **Recommendation (Sl. No. 7, Para No. 66)**

While appreciating the steps taken by the Ministry towards computerization under the MCA-21 e-governance Project, the Committee note with concern the explanation of the Government regarding the number of inspections. The Committee observe that the number of inspections done have gone up from 109 in 2003-04 to 197 till February 2005. However, when compared to the number of companies operating as on date *i.e.* 6,52,000, it is just a miniscule number. The Committee are dismayed to note that the Ministry envisages to conduct inspection of only 0.2% of the companies during the current year. In this regard, the Committee is reminded of their recommendation of the previous year wherein they have expressed serious concern that the number of inspections were coming down year after year and have deplored the casual approach of the Government towards inspections. It seems that the Government have become content with only marginal increase in the number of inspections to be conducted this year. The Committee finds that their concerns regarding lesser inspections over the years have not been adequately addressed to the Government and the Ministry is not taking any strong measures to rectify this problem. The Committee note that this is despite the fact that inspection of companies are the primary responsibility of the Ministry's field organization and it is the most significant job entrusted to the Ministry.

#### **Reply of the Government**

It is respectfully submitted that given the large number of registered companies, effective enforcement by inspections may not be feasible if based on numbers derived as a percentage of the total number of companies. Under such a system, presuming that even if one per cent of the companies are inspected every year, the next turn for further inspection of a company would come only after 100 years, which would not have the desired deterrent effect.

Inspections of companies are required to be taken up based on reasonable belief that there is wrong doing or non-compliance of law by the management of a particular company. Other reasons may be

complaints from the public investors or on the published record of the company. The use of powers to inspect is intended to enable external intervention to guide companies towards compliance of law as also to detect and penalize cases of wrong doing for deterrent effect. Measures have been taken to make inspection activity effective for improved enforcement of law.

As a first step, the overall inspection activity has been increased. 197 inspections were carried out in 2004-05 as compared to 107 in the previous year. In the current financial year *i.e.* 1st of April 2005 to 20th June 2005, approximately 80 inspection reports have already been received which is higher than the number received in similar period in the previous year. Further, the Ministry has ordered more than 24 investigations, which are being carried out through officers of SFIO. Efforts are being made to improve quality of inspection. Revised guidelines for technical scrutiny and inspections by ROCs have already been issued. The inspection manual is also being revised. The scrutiny and an analysis of inspection reports has been intensified and monitoring of prosecutions taken up. The Expert Committee on company law headed by Dr. J. J. Irani also went into various aspects related to inspections and investigations after considering the views of the Shardul Shroff Committee and has made its recommendations which are presently under consideration of the Govt. The Ministry has appointed another committee headed by Shri O. P. Vaish to consider ways and means of making prosecution more effective. Report of this committee is awaited.

The number of officers available for the inspection wing of the Ministry will increase once the total computerization of the Ministry's functions, especially, RoC office, under the project MCA-21, is completed and thereby number of inspections conducted will increase.

*G-20018/5/2005-BGT*

**Recommendation (Sl. No. 7, Para No. 67)**

The Committee are given to understand that the lesser number of inspections being carried out is a result of inadequate staff strength with the Government and after implementation of MCA-21 e-governance Project, some surplus staff would be available who would be transferred to the inspection wings. The Committee also note that the cadre review Committee of the Indian Company Law Service has submitted its report and its recommendations are under examination. They have also been informed that the Shardul Shroff Committee on outsourcing the routine inspections under Section 209 A is going to be made by this Committee

should be examined expeditiously and suitable steps should be taken to augment the staff strength of the Ministry apart from training those staff who are rendered surplus after the implementation of MCA-21 e-Governance Project.

### **Reply of the Government**

The report by Shri Shardul Shroff, Convener of the Expert Group (on Inspections & Penalties) was discussed in the Expert Committee on Company Law (under Chairmanship of Dr. J. J. Irani) set up by Ministry of Company Affairs to make recommendations for revising the Companies Act, 1956. Various issues raised by Shri Shroff Expert Group were discussed in detail in Dr. Irani Committee and have been addressed in the report of the Irani Committee submitted to the Government on 31.5.2005. The report has been placed on website of the Ministry ('<http://www.dca.nic.in>') for general information. The cadre review examination is at final stage and the recommendations/report of the Ministry will be submitted to the DOPT soon. The inspection staff is presently deployed only in the Headquarter and the offices of RDs. It is being considered in the Cadre Review that inspection staff should be deployed with each ROC as well.

*G-20018/5/2005-BGT*

## CHAPTER IV

### RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH REPLIES OF THE GOVERNMENT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE

#### **Recommendation (Sl. No. 6, Para No. 51)**

“The Committee are deeply anguished to note that not much is being done to address investors’ grievances and save gullible investors from falling into the trap of “vanishing companies”. Instances of investors continuing to be duped by capital market swindlers are heard of as a matter of routine. The Committee observe that the exercise of identifying “vanishing companies” was undertaken by SEBI in the year 1998, 1999 and 2000. Apart from this endeavour of SEBI, the Committee note that the Ministry of Company Affairs have not undertaken any serious exercise to maintain a continuously updated database of “vanishing companies”. The Committee, therefore, recommend that the Government should take suitable measures to identify the “vanishing companies”, debar the promoters/directors of such companies permanently, so as to eliminate any chances of them surfacing again and also ensure that the guilty are punished under the due process of law. While the Committee note that the Government have launched prosecutions against “vanishing companies” under the Companies Act as well as Indian Penal Code, they feel that a lot more needs to be done. The Committee feel that unless the regulators get serious about their investigations and find ways to ensure that investors get back their money, the concept of investor protection will remain meaningless.

#### **Reply of the Government**

The functions of SEBI under Securities and Exchange Board of India Act, 1992 include protecting the interest of the investors in securities and to promote the development of securities market by such measures as it thinks fit. In pursuance of these responsibilities, following the 1992 stock market scam, SEBI had identified, by October 2000, 229 companies, which came out with IPOs during the period 1992-1998, as vanishing.

For identifying a company as vanished following criteria has been adopted:

- (i) Companies, which have not complied with listing requirements/filing requirements of Stock Exchange/ROC respectively for a period of 2 years;

- (ii) No correspondence has been received by the Exchange from the company for a long time;
- (iii) No office of the company is located at the mentioned registered office address at too time of Stock Exchange inspection.

All the conditions laid down have to be met for treating a company as vanishing and companies satisfying one or more but not all conditions may not be considered as vanishing.

A Coordination and Monitoring Committee (CMC), co-chaired by Secretary, Ministry of Company Affairs (MCA) and Chairman, SEBI was set up in March, 1999 to settle the policy issues regarding the delinquent companies/promoters and to monitor the progress in regard to action against vanishing companies. The CMC is assisted by four Task Forces one each corresponding to a Region falling under the jurisdiction of four Regional Directors of Ministry of Company Affairs (MCA). Other members of these Task Forces are representatives of SEBI, Regional Stock Exchange and concerned Registrars of Companies. The main responsibility of these Task Forces is to identify the companies which have disappeared, or which have misutilised funds mobilised from the investors, and to suggest/take appropriate action in terms of Companies Act or SEBI Act or any other law applicable.

Following steps had been taken/ are being taken by the Ministry against the vanishing companies and its promoters/ directors under the relevant provisions of the Companies Act, 1956 and under the Indian Penal Code:

- (i) Prosecutions have been filed under Sections 62/63,68 and 628 of the Companies Act, 1956 against vanishing companies for misstatement in prospectus/ fraudulently inducing persons to invest money/ false statement made in the offer documents etc.
- (ii) Prosecutions filed under the Companies Act, 1956 for non-filing of statutory returns;
- (iii) FIRs have been Filed/ Registered under the Indian Penal Code against the companies and its promoters/Directors of vanishing companies.
- (iv) Petitions have also been filed with the Company Law Board under Sections 397/398/402/408 read with Section 406 of the Companies Act, 1956 in respect of two selected vanishing companies to disgorge the properties/monies fraudulently obtained by promoters/ Directors of these two Vanishing Companies.
- (v) The recommendations of the Expert Committee set up by the Ministry to advise the Government on the new Company Law,

with regards to protecting the interest of the investors shall be examined in the Ministry from the point of view of providing a legal framework for safeguarding investor's interest.

- (vi) Details of Vanishing Companies and their promoters/directors are already available on the Website of the Ministry ([www.dca.nic.in](http://www.dca.nic.in)).
- (vii) Ministry is also examining feasibility of taking appropriate action against the Chartered Accountants (CAs) associated with public issue of securities made by Vanishing Companies, which had larger issue size (Rs. 10 crores or above).

CMC in its 14th meeting, held on 18.03.2005, had, *inter alia*, taken following decisions:

- (i) That the concerned Task Forces should continue to review the working of Vanishing Companies, which had been deleted from the list very closely for the next few years with a view to keeping a close watch so that, such companies do not indulge in fraudulent activities again.
- (ii) The Committee had decided that the Task Forces should scrutinize IPOs which came during 1998-2001. Task Forces are also scrutinizing the list of companies sent by one of the Investors Association namely Midas Touch Investor Association.

Hon'ble Minister of Company Affairs launched a new Website "<http://www.watchoutinvestors.com>" on 9.11.2004. This website has been created by Prime Investors Protection Association and League, with financial assistance from the Investor Education and Protection Fund, help the investors to protect themselves from unscrupulous promoters, companies and entities. This website is a national web-based registry covering entities including companies, intermediaries and, wherever available, persons associated with such entities, who have been indicted for an economic default and/or for non-compliance of laws/guidelines. It enables investors to do a free, fast and user-friendly search on such entities/persons before making any new investments and for continuously reviewing their existing portfolio *vis-a-vis* such entities. This website also marks a step on the part of the Ministry in promoting investor protection through various means including investor awareness and education.

SEBI has invoked powers granted to it under Section 11/Section 11 B of the SEBI Act, 1992 and has issued orders against the Vanishing Companies and their promoters/Directors prohibiting them from associating in any way with the capital market activities. This order also prohibits them from

dealing in securities and from accessing the capital market for a period of 5 years, which is the maximum permissible under the SEBI regulation. SEBI has debarred 100 companies and 378 Directors.

The Ministry of Company Affairs has set up in August, 2004 a Monitoring Committee (MC) for closely monitoring all cases of prosecutions launched under the Companies Act, 1956 and FIRs filed/registered under the Indian Penal Code against Vanishing Companies and their Directors. This Committee is co-chaired by Secretary, Ministry of Company Affairs and Chairman, SEBI and includes senior officials of various State Governments and the Commissioner of Police, Delhi or his representative.

The Committee has met twice so far. The last meeting of MC was held on 02.05.2005. Committee decided to take steps to closely monitor the progress of action by regular exchange of information between the Police authorities and the Registrar of Companies at the State level. State authorities were further asked to nominate Nodal Officers for this purpose to make coordination better and more effective association with the Registrar of Companies.

The latest position regarding Region-wise cumulative action taken against Vanishing Companies, their Directors/Promoters, is given below:

	Northern Region	Western Region	Eastern Region	Southern Region	Total
Number of vanishing companies	17	49	14	34	114
Number of companies against which prosecutions filed under Sections 62/63, 68 & 628 of the Companies Act, 1956	17	48	11	31	107
Number of companies against which prosecutions filed for non-filing of statutory returns	16	47	11	20	94
Number of companies where FIRs filed.	16	42	14	28	100
Number of companies where FIRs registered	9	41	13	24	87

So far 21 directors/ promoters have been arrested by the Police authorities in the State of Gujarat.

*G-20018/5/2005-BGT*

**Recommendation (Sl. No. 6, Para No. 52)**

The Committee also recommend that Government should take concrete measures to establish the veracity of promoters and directors of companies, inclusive of their capacity to raise funds at the time of their registration. They also feel that apart from ensuring penal action, details of promoters/directors of vanishing companies need to be widely publicized through newspapers and other media, which could contribute to protecting investors' interest.

**Reply of the Government**

Government is committed to protecting the interests of investors. The Expert Committee set up by the Ministry of Company Affairs to advise the Government on the new Company Law has submitted its report on 31<sup>st</sup> May, 2005. The recommendations of the Committee with regard to establishing veracity of promoters and directors of companies including for protection of interest of investors will be examined in the Ministry from the point of view of providing a legal framework for safeguarding investor's interest. Implementation of MCA 21 and use of digital signatures would reinforce the addresses, veracity of promoters/ directors with a view to check this phenomena of Vanishing Companies. Further, in order to check the fly by night or frivolous companies from registration, sub-sections (3) & (4) of Section 3 of the Companies Act, 1956 were inserted in the Act through Companies (Amendment) Act, 2000 which came into effect from 13.12.2000. According to this amendment, every private and public company shall have to bring in liquid minimum paid up capital of one lakh rupees and five lakh rupees respectively at the time of incorporation itself. The above amendment was brought out on the basis of the past experience that companies with small capital base were registered and raised public issues and then they become untraceable causing considerable damage to the investor community. Separately, Securities and Exchange Board of India has amended the SEBI (Disclosure and Investor Protection) Guidelines to enforce higher disclosure requirements pertaining to promoters of companies.

Details of Vanishing Companies and their promoters/directors are already available on the Website of the Ministry ([www.dca.nic.in](http://www.dca.nic.in)). Action is being taken for publishing the details of vanishing companies through print media.

*G-20018/5/2005-BGT*



**Recommendation (Sl. No. 8, Para No. 74)**

The Committee lament that 50% of the companies are not filing statutory returns and no concrete action is being taken against such companies by the Ministry. The Committee are of the opinion that this situation is no longer acceptable and needs to be changed. The Committee recommend evolving an effective means of identifying non-operating companies and also publish details of such companies through the print/electronic media. The Committee note with concern that the present provisions do not act as a sufficient deterrent on the companies that delay or do not file the statutory annual returns. The Committee note that the Government has gone for a computerization exercise that would provide distinctive identification number to facilitate filing of annual returns. They, therefore, suggest that inconsistencies in filing of annual returns should be met with stringent penalties.

**Reply of the Government**

The Government had set up an Expert Committee headed by Dr. J. J. Irani to advise the Government on comprehensive revision of the Companies Act, 1956. The Committee has since submitted its report to the Government on 31-05-2005. The report has been placed on website of the Ministry (<http://www.dca.nic.in>) for general information. The report is under examination in this Ministry.

In the meantime, the Government has already issued a Scheme called Simplified Exit Scheme 2005, which is in operation from 1st February 2005 to 31st July 2005. Under the scheme, the companies, which are either not functioning or not intending to continue, have been given an opportunity to exit and get their names struck off from the Register of Registrar of Companies. To make the scheme successful, the Ministry has also made wide publicity through local as well as national dailies advertising the features of scheme and to familiarize the promoters. After the scheme, necessary penal action will be initiated against the defaulting companies/promoters/directors for non-filing of statutory returns in pursuance with the SES-2005. After the period of the scheme is over, with exit of defunct companies, it is expected that the proportion of companies filing statutory returns will increase. Government would take necessary means to address the situation by making suitable legislative changes.

Further the action to improve the filing of documents by Companies is being taken incorporating the following:—

- (a) Taking assistance from professional bodies and institutes such as ICAI to motivate professionals such as Chartered Accountants/Company Secretaries, advising the companies to improve compliance.
- (b) Coordination and action with SEBI, Banking Division and Income Tax Department to ensure that the filing made before various authorities are consistent with the filings made before ROC and that such authorities based their statutory action on the data filed by companies with ROC's.
- (c) Improvement of fiscal infrastructure to enable efficiency operation in the office of ROCs to enable prompt filing of documents by companies.
- (d) Publicity of names of defaulting companies on the website of the Ministry/ROCs, etc.

*G-20018/5/2005-BGT*

## CHAPTER V

### RECOMMENDATION/OBSERVATION IN RESPECT OF WHICH FINAL REPLY OF THE GOVERNMENT IS STILL AWAITED

—Nil—

NEW DELHI;  
21 December, 2005  

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30 Agrahayana, 1927 (Saka)

MAJ. GEN. (RETD.) B.C. KHANDURI,  
Chairman,  
Standing Committee on Finance.

MINUTES OF THE TENTH SITTING OF STANDING COMMITTEE  
ON FINANCE

The Committee sat on Monday, 19 December, 2005 from 1500  
to 1615 hrs.

PRESENT

Maj. Gen. (Retd.) B.C. Khanduri – *Chairman*

MEMBERS

*Lok Sabha*

2. Shri Jaswant Singh Bishnoi
3. Shri Gurudas Das Gupta
4. Shri Bhartruhari Mahtab
5. Shri Madhusudan Mistry
6. Shri Rupchand Pal
7. Shri Shrinivas D. Patil
8. Shri Jyotiraditya Madhavrao Scindia
9. Shri M.A. Kharabela Swain
10. Shri Magunta Sreenivasulu Reddy

*Rajya Sabha*

11. Shri Yashwant Sinha
12. Shri Chittabrata Majumdar
13. Shri C. Ramachandraiah
14. Shri Mangani Lal Mandal

SECRETARIAT

- |                             |   |                             |
|-----------------------------|---|-----------------------------|
| 1. Dr. (Smt.) P. K. Sandhu  | — | <i>Additional Secretary</i> |
| 2. Shri A. Mukhopadhyay     | — | <i>Joint Secretary</i>      |
| 3. Shri S. B. Arora         | — | <i>Deputy Secretary</i>     |
| 4. Shri T. G. Chandrasekhar | — | <i>Under Secretary</i>      |

2. At the outset, the Chairman welcomed the Members to the sitting of the Committee.

3. The Committee, then considered the draft reports on (i) Action taken by the Government on the recommendations contained in the Sixteenth Report of the Committee on Demands for Grants (2005-06) of the Ministry of Finance (Departments of Economic Affairs, Expenditure and Disinvestment), (ii) Action taken by the Government on the recommendations contained in the Eighteenth Report of the Committee on Demands for Grants (2005-06) of the Ministry of Planning and (iii) Action taken by the Government on the recommendations contained in the Twentieth Report of the Committee on Demands for Grants (2005-06) of the Ministry of Company Affairs.

4. The Committee adopted the draft action taken reports mentioned above without any modification/amendment.

5.	***	***	***	***
6.	***	***	***	***
7.	***	***	***	***

8. The Committee authorised the Chairman to finalise the Reports and to make verbal and other consequential changes and present the same to both the Houses of Parliament.

*The Committee then adjourned.*

## APPENDIX

(Vide Para 3 of the Introduction)

### ANALYSIS OF THE ACTION TAKEN BY GOVERNMENT ON THE RECOMMENDATIONS CONTAINED IN THE TWENTIETH REPORT OF THE STANDING COMMITTEE ON FINANCE (FOURTEENTH LOK SABHA) ON DEMANDS FOR GRANTS (2005-06) OF THE MINISTRY OF COMPANY AFFAIRS

	Total	% of Total
(i) Total Number of recommendations	8	
(ii) Recommendations/Observations which have been accepted by the Government: (Vide Recommendation at Sl. Nos. 1,2, 3,4 & 5)	5	62.50%
(iii) Recommendations/Observations which the Committee do not desire to pursue in view of the Government's replies: (Vide Recommendation at Sl. No. 7)	1	12.50%
(iv) Recommendations/Observations in respect of which replies of the Government have not been accepted by the Committee: (Vide Recommendation at Sl. Nos. 6 & 8)	2	25%
(v) Recommendations/Observations in respect of which final replies of the Government are still awaited:	Nil	Nil