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**STANDING COMMITTEE ON FINANCE  
(2010-11)**

**FIFTEENTH LOK SABHA**

**MINISTRY OF CORPORATE AFFAIRS**

**Demands for Grants  
(2011-12)**

**THIRTY SEVENTH REPORT**



**LOK SABHA SECRETARIAT  
NEW DELHI**

**August, 2011/ Sravana, 1933 (Saka)**

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**MINISTRY OF CORPORATE AFFAIRS**

**Demands for Grants  
(2011-12)**

*Presented to Hon'ble Speaker on 11 July, 2011*

*Presented to Lok Sabha on 2 August, 2011*

*Laid in Rajya Sabha on 2 August, 2011*



**LOK SABHA SECRETARIAT  
NEW DELHI**

**August, 2011/ Sravana, 1933 (Saka)**

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## **COMPOSITION OF STANDING COMMITTEE ON FINANCE – 2010-2011**

**Shri Yashwant Sinha - Chairman**

### **MEMBERS**

#### **LOK SABHA**

2. Dr. Baliram (Lalganj)
3. Shri Sudip Bandyopadhyay
4. Shri C.M. Chang
5. Shri Harishchandra Chavan
6. Shri Bhakta Charan Das
7. Shri Khagen Das
8. Shri Gurudas Dasgupta
9. Shri Nishikant Dubey
10. Shri Bhartruhari Mahtab
11. Shri Mangani Lal Mandal
12. Smt. Jaya Prada Nahata
13. Shri Rayapati Sambasiva Rao
14. Shri Magunta Sreenivasulu Reddy
15. Shri Sarvey Sathyanarayana
16. Shri G.M. Siddeshwara
17. Shri N. Dharam Singh
18. Shri Manicka Tagore
19. Dr. M. Thambidurai
20. Shri Anjankumar M. Yadav
21. Dr. Kavuru Sambasiva Rao\*

#### **RAJYA SABHA**

22. Shri S.S. Ahluwalia
23. Shri Raashid Alvi
24. Shri Vijay Jawaharlal Darda
25. Shri Piyush Goyal
26. Shri Moinul Hassan
27. Shri Satish Chandra Misra
28. Shri Mahendra Mohan
29. Dr. Mahendra Prasad
30. Dr. K.V.P. Ramachandra Rao
31. Shri Y.P. Trivedi

#### **SECRETARIAT**

- |                                 |   |                  |
|---------------------------------|---|------------------|
| 1. Shri A.K. Singh              | - | Joint Secretary  |
| 2. Shri R.K. Jain               | - | Director         |
| 3. Shri Ramkumar Suryanarayanan | - | Deputy Secretary |

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\* Nominated to this Committee w.e.f. 28.01.2011 vice Shri Y.S. Jagan Mohan Reddy, ceased to be a member of the Committee on his resignation from Lok Sabha.

## INTRODUCTION

I, the Chairman of the Standing Committee on Finance, having been authorized by the Committee, present this Thirty-seventh Report (15th Lok Sabha) on the 'Demands for Grants (2011-12) of the Ministry of Corporate Affairs.

2. The Demands for Grants (2011-12) of the Ministry of Corporate Affairs were laid on the Table of the House on 11 March, 2011. Under Rule 331E of the Rules of Procedure and Conduct of Business in Lok Sabha, the Standing Committee on Finance are required to consider the Demands for Grants of the Ministries/Departments under their jurisdiction and make reports on the same to both the Houses of Parliament. Thereafter, the Demands are considered by the House in the light of the reports of the Committee. However, this year, the Demands for Grants (2011-12) of the Ministry of Corporate Affairs were passed by Lok Sabha prior to their consideration by the Standing Committee on Finance. Nonetheless, in pursuance of the observation made by the Chair, the Committee examined the Demands for Grants (2011-12) of the Ministry of Corporate Affairs and issues arising therefrom.

3. The Committee took oral evidence of the representatives of the Ministry of Corporate Affairs on 6 May, 2011.

4. The Committee considered and adopted this Report at their sitting held on 29 June, 2011. Minutes of the sittings of the Committee are given in appendix to the Report.

5. The Committee wish to express their thanks to the representatives of the Ministry of Corporate Affairs for appearing before the Committee and furnishing the material and information which the Committee desired in connection with the examination of the Demands for Grants (2011-12).

**New Delhi;**  
**6 July, 2011**  
**15 Asadha,1933(Saka)**

**YASHWANT SINHA**  
**Chairman,**  
**Standing Committee on Finance.**

## REPORT

### PART-I

#### I. Budgetary Allocation

1.1 The Ministry of Corporate Affairs is primarily concerned with the regulation of the corporate sector. In that process, the Ministry administers specific statutes, the key among them being 'The Companies Act, 1956'. The other statutes administered are as follows:

- (i) The Chartered Accountants Act, 1949
- (ii) The Cost and Works Accountants Act, 1959
- (iii) The Company Secretaries Act, 1980
- (iv) The Partnership Act, 1932
- (v) The Societies Registration Act, 1860
- (vi) The Companies (Donation to National Fund) Act, 1951
- (vii) The Competition Act, 2002; and
- (viii) The Limited Liability Partnership Act, 2008

*(The Monopolies and Restrictive Trade Practices (MRTP) Act, 1969 has repealed on 01.09.2009, and the MRTP Commission dissolved and cases transferred to Competition Appellate Tribunal)*

1.2 The Ministry in the last couple of years has taken a number of path breaking initiatives keeping in view the important issues on the national economic scene vis-à-vis the global economic scenario. One such initiatives was the introduction of the Companies Bill, 2009 in the Lok Sabha on 3<sup>rd</sup> August, 2009 to replace the existing Companies Act, 1956, which was enacted more than half a century ago. The Bill was referred to Hon'ble Parliamentary Standing Committee on Finance for examination and report thereon. Accordingly after undertaking a thorough exercise of the various provisions of the Bill, the Committee submitted its report on 31<sup>st</sup> August, 2010. The various recommendations made by the Hon'ble Committee in its report are under examination in the Ministry of Corporate Affairs. In this regard, the Ministry submitted as below:

“Keeping in view such recommendations and other inputs being received, this Ministry has initiated the exercise of revising the Companies Bill, 2009 in consultation with concerned stakeholders. After such examination, consultation, vetting and after obtaining due approvals, the revised Bill would be introduced in the Parliament.”

1.3 The offices under the Ministry are :

Regional Directors, Registrar of companies, Official Liquidators and Serious Frauds Investigation Office

1.4 The Ministry of Corporate Affairs is also the administrative Ministry for :

- Company Law Board
- Competition Commission of India
- Indian Institute of Corporate Affairs

1.5 The total Budget Demand of the Ministry for the year 2011-12 amounts to Rs. **238.94** crore, out of which Rs. **210.94** crore is under the Revenue Expenditure and Rs. **28.00** crore under the Capital Expenditure.

**STATEMENT OF BUDGET ALLOCATION AND EXPENDITURE AND OF THE MINISTRY FOR THE LAST 5 YEARS**

(Rs. in crore)

Year	Budget Estimates		Total	Expenditure		Total
	Plan	Non Plan		Plan	Non Plan	
2006-07	0	145	145	0	122.57	122.57
2007-08	47.00	138.10	185.10	0	113.66	113.66
2008-09	63.00	160.00	223.00	63.00	142.46	205.46
2009-10	33.00	206.05	239.05	33.00	194.00	227.00
2010-11	40.00	209.01	249.01	79.74	135.87	215.61
2011-12	28.00	210.94	238.94			

**RECEIPTS**

<b>2006-07</b>	<b>1038.18</b>
<b>2007-08</b>	<b>1304.17</b>
<b>2008-09</b>	<b>1231.78</b>
<b>2009-10</b>	<b>1235.83</b>
<b>2010- 11</b>	<b>1493.44</b>

1.6 The grants of the Ministry of Corporate Affairs in Demand No.18 provides for the expenditure on the Secretariat of the Ministry of Corporate Affairs, Office of the

Director General of Corporate Affairs, six Offices of Regional Directorates including two newly created Regional Directorates for North West Region and North East Region respectively, twenty Offices of Registrars of Companies, seventeen offices of Official Liquidators, attached offices of Company Law Board, Serious Fraud Investigation Office, National Company Law Tribunal, Competition Appellate Tribunal, Monopolies and Restrictive Trade Practices Commission, Director General of Investigation & Registration (dissolved in 2009) and Grants-in-aid-General for the Competition Commission of India and Indian Institute of Corporate Affairs.

**Statement showing the detailed provisions object head-wise**

(Rs. in crore)

Sl. No.	Sub Heads	2008-09			2009-10			2010-11		
		BE	RE	AE	BE	RE	AE	BE	RE	AE
1.	Office Expenses	12.40	11.22	10.32	16.54	14.90	11.87	16.50	15.25	9.38
2.	Grants-in-aid General (CCI)	10.00	3.49	3.49	20.00	19.00	16.00	44.03	34.38	27.74
3.	Investors Education and Protection Fund	5.00	4.68	3.57	5.00	5.00	4.92	5.00	5.00	1.62
4.	Modernisation, Computerisation and Networking	72.31	60.00	54.07	52.99	68.84	66.37	44.83	44.83	28.55
5.	Major Works, Lands & Buildings (IICA)	30.00	60.00	60.00	30.00	30.00	30.00	34.00	81.36	75.34

1.7 The detailed item-wise position giving budgetary estimates, revised estimates, actual expenditure, achievements vis-à-vis targets along with the reasons for not achieving the targets, if any, in respect of various schemes of this Ministry during the last three years as furnished as stated below:

1. Salaries:

Year	(Rs. in crore)			
	BE	RE	Actual expenditure	(-) Savings (+) Excess
2008-09	44.79	58.75	52.64	(+) 7.85



2009-10	71.68	70.10	69.48	(-) 2.2
2010-11	64.04	64.45	56.72*	

\*The data on actual expenditure for 2010-11 is upto January, 2011.

The increased expenditure during 2008-09 was due to the payment of 40 percent arrears consequent upon implementation of the 6<sup>th</sup> Pay Commission.

## 2. Office Expenses:

Year	BE	RE	Actual expenditure	(Rs. in crore)
				(-)Savings (+)Excess
2008-09	12.40	11.22	10.32	(-)2.08
2009-10	16.54	14.90	11.87	(-) 4.67
2010-11	16.50	15.25	9.38*	

\*The data on actual expenditure for 2010-11 is upto January, 2011

The savings under Office Expenses have been on account of the Ministry strictly enforcing the austerity measures of the Ministry of Finance and following the prescribed ceilings on expenditure.

## 3. Rents, Rates & Taxes:

Year	BE	RE	Actual expenditure*	(Rs. in crore)
				(-)Savings (+)Excess
2008-09	4.34	5.13	4.39	(+)0.05
2009-10	6.52	6.00	5.63	(-) 0.89
2010-11	6.34	7.10	4.41	

\*The data on actual expenditure for 2010-11 is upto January, 2011

The excess expenditure in 2008-09 is not actually excess as the extra expenditure was included in RE after the re-calculation of Rents, Rates & Taxes.

The savings under Rents, Rates & Taxes during 2009-10 was due to the fact that the funds were provided for National Company Law Tribunal (NCLT) could not be utilized because it could not be operationalized due to litigation.

#### 4. MCA 21 e-Governance Project:

Year	BE	RE	Actual expenditure	(Rs. in crore)
				(-)Savings (+)Excess
2008-09	72.31	60.00	54.07	(-)18.24
2009-10	52.99	68.84	66.37	(+) 13.38
2010-11	44.83	44.83	28.55*	

\* The data on actual expenditure for 2010-11 is upto January, 2011.

The detailed justification in respect of less expenditure incurred during 2008-09, 2009-10 as well as expenditure in 2010-11 is as follows:

##### FY 2008-09

1.8 During the FY, an amount of Rs. 72.31 crore was provided in the BE for meeting the expenditure requirements of the MCA21 project. The provision was made on the basis of anticipated completion of the project and clearance of some balance payments due to the operator (i.e. amount withheld on account of non-completion of some deliverables by the operator).

1.9 At the RE stage, the completion of deliverables was reviewed and the BE provision was revised and reduced to Rs. 60.00 crore. Since, the status of final certification remained unchanged; the payments for the subsequent quarters were released withholding 15% of amount due to TCS every quarter. The total amount withheld amount accumulated to Rs.17.47 crore till Qtr. 9, including 10% on account of Application Software and withheld amount of last Financial Year. In this year (2008-09) also, the payment was released after following the prescribed procedure and an amount of Rs. 54.07 crore could be released during 2008-09.

##### FY 2009-10

1.10 During the FY, an amount of Rs. 52.99 crore was provided in the BE for meeting the expenditure requirements of the MCA21 project. The provision was made on the basis of anticipated completion of the project and the outflow of funds.

The payments to the operator are linked with achievement of milestones specified in the contract.

1.11 There were 43 items identified, to be delivered/ complied by the operator (TCS) for reaching the stage of certification completion. The status of completion of pending items was reviewed by the Empowered Committee constituted for the MCA21 project (consisting of Secretary, Ministry of Corporate Affairs, Secretary, Department of Information Technology, Secretary, Statistics & Program Implementation and Financial Adviser, Corporate Affairs). Due to completion of certain pending items by the operator, the Empowered Committee decided that certain payments withheld in the earlier years were required to be released in addition to allocated BE this financial year i.e. an amount of Rs. 15.91 crore. Accordingly, the RE for the FY 2009-10 was reviewed and revised to Rs. 68.84 crore that includes an amount of Rs. 9.43 crore raised through supplementary demand. Out of the allocated RE, an amount of Rs. 66.37 crore spent during the FY.

#### FY 2010-11

1.12 The BE for the FY 2010-11 has been provisioned at Rs. 44.83 crore. Out of the provisioned BE, Rs. 28.55 crore had been utilized till January, 2011, leaving behind a balance of Rs. 16.28 crore to meet the remaining expenditure in the project. Already, invoice for an amount of Rs. 9.00 crore towards EQI payments to the operator has been processed and the sanction orders are being issued. Besides, payments were also required to be released to the National Institute for Smart Government (NISG) for Project Monitoring Unit (PMU) services, to the TCS relating to issuance of Director Identification Number (DIN). It is expected that the provisioned BE will be fully utilized during the financial year.

## 5. Investor Educations and Protection Fund (IEPF)

<b>(Rs. in crore)</b>				
Year	BE Non-Plan	RE Non-Plan	Actual expenditure* Non-Plan	(-)Savings (+)Excess
2008-09	5.00	4.68	3.57	(-)1.43
2009-10	5.00	5.00	3.42	(-) 0.08
2010-11	5.00	5.00	**1.62	

\* The data on actual expenditure for 2010-11 is upto January, 2011.

\*\* *In addition to the actual expenditure, authorization to the extent of `1.50 crore was also issued in favour of Senior Accounts Officer, Ministry of I&B upto January, 2011.*

The savings occurred in 2008-09 and 2009-10 because of insufficient proposals for organizing IEPF activities.

1.13 The initiatives of the Ministry for spreading investor awareness in association with all other Institutes and organizations are a step forward in creating a congenial climate for the growth of the retail informed investors and would eventually contribute towards the growth and stability of the Indian Capital Market.

1.14 The utilization of the budgetary allocation has shown an increasing trend during the last two years. In 2007-08, utilization was Rs. 3.41 crore which rose to Rs. 3.57 crore in 2008-09. During the current financial year also, Rs. 5.00 crore have been allotted for investor awareness programmes. There are no constraints / difficulties and the Ministry expects 100% utilization of funds during the current financial year also.

## 6. Competition Commission of India (CCI)-Grants-in-aid-General.

<b>(Rs. in crore)</b>				
Year	BE Non-Plan	RE Non-Plan	Actual expenditure Non-Plan	(-)Savings (+)Excess
2008-09	10.00	3.49	3.49	(-)6.51
2009-10	20.00	19.00	16.00	(-) 4.00
2010-11	44.03	34.38	*27.74	

\* The data on actual expenditure for 2010-11 is upto January, 2011.

1.15 The passage of Competition (Amendment) Act, 2007 paved the way for operationalisation of the Competition Commission of India (CCI). Prior to that the CCI

could not be constituted as per the Competition Act, 2002 on account of a legal challenge which could be resolved only in 2007. A huge effort is required on the part of the Ministry to set up an Institution of such a magnitude as the process involves framing and notification of Rules and Regulations, selection of members, professionals and supporting staffs besides the provision of requisite infrastructure for the office.

1.16 The projections of budget for CCI were made keeping in view the likely requirement of funds for the Chairperson, Members and other Officers/Staff to be recruited for CCI. The position of filling up of various posts was reviewed every year at the RE stage and the amount of RE was decided on the basis of facts and circumstances prevalent at that time. Similarly, the provisions for BE was also kept in a realistic manner making provisions for various posts which could be filled up in the ensuing year. However, due to various time consuming processes involved at the different stages in finalization of Recruitment Rules, framing of Rules and Regulations, selection of members etc. the posts could not be filled as planned. This resulted in actual expenditure being less than the amounts provided in RE.

## 7. Capital Section (Non-Plan)

<b>(Rs. in crore)</b>				
Year	BE	RE	Actual Expenditure* Non-Plan	(-)Savings/(+) Excess
2008-09	15.00	10.00	10.00	(-)5.00
2009-10	10.00	11.00	10.89	(+)0.89
2010-11	12.00	12.00	3.72	

\* The data on actual expenditure for 2010-11 is upto January, 2011.

### FY 2008-09:

1.17 During 2008-09 an amount of Rs. 15.00 crore was kept in BE in view of various ongoing projects and new projects. The budget was reduced at RE state to 10.00 crore keeping in view the progress of construction/renovation at various sites, time taken in completion of various formalities with different agencies. The actual expenditure incurred during 2008-09 was Rs. 9.55 crore on purchase and registration of office space, renovation of office space of ROC, Mumbai, construction

of office complexes at Jaipur and Chandigarh and purchase of land from Geological Survey of India at Hyderabad.

#### FY. 2009-10

1.18 During 2009-10, an amount of Rs.10.00 crore was provided as BE. However keeping in view the requirements of funds on the basis of progress of construction/renovation at various sites, the BE was augmented by Rs.1.00 crore in the First Batch of Supplementary Demands for Grants. RE was kept at Rs.11.00 crore. The actual expenditure incurred during 2009-10 was Rs.10.89 crore on renovation of office space at Allahabad, Paryavaran Bhawan, New Delhi, Ministry's offices at Shastri Bhawan, New Delhi, ROC, Mumbai, Office of Competition Appellate Tribunal at Jawahar Vyapar Bhawan, New Delhi, construction of Office complexes at Cuttack and Chandigarh.

#### FY 2010-11

1.19 During 2010-11, an amount of Rs. 12.00 crore was provided as BE. However keeping in view the requirements of funds on the basis of progress of construction/renovation at various sites, RE was kept at Rs. 12.00 crore. During the year, Ministry has incurred expenditure to the extent of Rs.3.72 crore upto January, 2011 on (a) part payment of cost of construction of building at Cuttack, (b) renovation of office space purchased by the Ministry at Allahabad, (c) payment of ground rent to the Estate Officer, Chandigarh Administration, Chandigarh, (d) renovation of office space of Regional Directorate at Mumbai.

In addition, it is expected to incur the expenditure during the remaining period of FY 2010-11 on (i) payment of ground rent to Jaipur Development Authority, (ii) final payment towards renovation of office space of CLB and other offices at Paryavaran Bhawan, New Delhi, (iii) final payment of renovation of office space of OL at Allahabad and (iv) part payment of cost of construction of Corporate Bhawan at Cuttack.

1.20 On being asked about the income generated by the Ministry, Secretary, Ministry of Corporate Affairs made the following oral submission as stated under ;

“Last year we earned about Rs. 1493 crore and this year also we are going to earn well.”

1.21 When asked whether the Ministry can be independent without depending upon the Budget, the Secretary, Ministry of Corporate Affairs submitted the following oral reply :

“As a Ministry we are contributing to the total net revenue of the Government. Hon. Members asked whether we can be independent. That is not possible because as decided by the Parliament that all income has to go to Government and then we have to take money from them. Sir, we are not a corporate that we can charge money.

1.22 During evidence on 6.5.2011 it was suggested before the representatives of Ministry of Corporate Affairs that levying annual charge on registered companies will serve the dual purposes of enhancing the income generated by the Ministry and also it will help the Ministry to keep track of the companies whether they are in operation or not. In this regard, the Secretary, Ministry of Corporate Affairs *interalia* made the following oral submission as stated below :

“Annual charge is a very right suggestion and we will examine legally as to how can we do that and whether we relate to the capital size of the company and all that we have to see that and we will come back on that.”

## **II Major Works, Lands & Buildings(IICA) ( Detailed Head .05.99.50)**

2.1 The details of Budget Estimate (RE), Revised Estimates (RE) and Actual Expenditure (AE) under this head of account as furnished by the Ministry of Corporate Affairs are as below:

Plan	Rs. in crore		
Year	Budget Estimates	Revised Estimates	Actuals
2008-09	30.00	60.00	60.00
2009-10	30.00	30.00	30.00
2010-11	34.00	81.36	75.34*
2011-12	25.00		

\*Upto January, 2011

2.2 The expenditure being incurred under this Head of Account falls under **Major Works, Lands & Buildings** for establishment/setting up of Indian Institute of Corporate Affairs on 14 acres of land purchased from the Government of Haryana.

2.3 There are wide variations between the BE and AE in 2008-09 and 2010-11 i.e. the AE exceeding the BE by 100% in 2008-09; and by more than 100% in 2010-11. On being asked the reasons for such a wide gap between the Estimates and Actual expenditure, the Ministry of Corporate Affairs inter alia furnished the following reply:

“Actual expenditure during the financial year 2008-09 & 2010-11 exceeded by the percentage indicated because of the following – **(a)** During the financial year 2008-09, cost of land to the tune of Rs. 45 crore was paid to the HSIIDC and Rs. 50 Crore was paid to the executing agency towards construction cost; and **(b)** Similarly, during the year 2010-11 Rs 78.73 crore had to be paid to the executing agency towards construction cost, and Rs.2.63 crore had to be paid towards registration cost of the land.

The building is nearing completion. As most of the civil work was executed in financial year 2010-11, the expense during 2010-11 is higher compared to other **years**.

This includes payment of enhanced cost of land by Rs 9 Crore above the estimated cost by HSIDC.

(iii) Allocation of Rs. 28 crore has been demanded for the year 2011-12 to meet capital expenditure of Rs.25 crore on providing interiors, furnishings, and ICT & Audio-visual requirements of the IICA campus, which is nearing completion. Remaining amount of Rs.3 crore will be spent on operational requirements of the IICA, whose interim operations have commenced from a temporary campus.”

### **III Registrars of Companies (ROCs)**

3.1 The 20 offices of the Registrars of Companies are located throughout the Country. They perform the Registry functions as envisaged under the Companies Act, 1956 starting with the incorporation of Companies, acceptance of statutory annual filing and event based return/applications and accord approvals wherever required. The Registrars are also responsible for ensuring that the companies incorporated in their respective jurisdictions comply with the statutory provisions of



the Companies Act, 1956. The regulatory functions include scrutiny of the Annual Returns, Balance Sheets and other documents filed by companies under the provisions of the Companies Act, 1956, taking necessary action on the irregularities and non-compliance noticed as a result of such scrutiny, and initiating legal action against defaulting companies for contravention of the provisions of the Companies Act, 1956.

3.2 As per the mandate provided under Section 234 and 234A of the Companies Act, the Registrar of Companies (ROCs) are also required to scrutinize the Balance Sheets of Companies filed before them. In this regard the Standing Committee on Finance in their 5<sup>th</sup> Report (2009-10) also recommended that “proper coordination between the ROCs and the SEBI in regard to technical scrutiny of Balance Sheets” should be maintained.

3.3 On being asked whether any concrete steps have been taken by the Ministry of Corporate Affairs in pursuance of the recommendations made on the issue of coordination between ROCs and SEBI regarding technical scrutiny of Balance Sheets and other connected matters, the Ministry of Corporate Affairs *inter alia* furnished their reply as under:

“After carrying out the scrutiny of Balance Sheets of Companies under Section 234 of the Companies Act, 1956, the Registrars of Companies (ROCs) prepare the reports and submit to Regional Director/Ministry and necessary legal actions are taken in respect of provisions of the Companies Act, 1956. Besides, the relevant extracts of the reports pertaining to Securities and Exchange Board of India (SEBI) and/or Stock Exchanges are forwarded to them for examination and action at their end. In addition, ROCs share the information in the meeting of Regional Economic Intelligence Council (REIC) with the representatives of various agencies including SEBI. Over and above, a Committee is proposed to be set up under the Chairmanship of Additional Secretary, Ministry of Corporate Affairs with the representatives of SEBI to share the information gathered out of technical scrutiny/ inspection/investigation.”

3.4 Regarding the number of cases investigated and booked by the ROCs during the year 2010-11 against erring companies who violated the provisions of the Companies Act and the status of these cases, the Ministry of Corporate Affairs furnished the following reply as shown below:

“During the year 2010-11 (i.e. from 01-04-2010 to 31-01-2011), 120 Technical Scrutiny Reports, 177 Inspection Reports and 7 Investigation reports (total of 304 cases) were received in this Ministry. After examination of these reports, necessary directions for taking legal action were communicated to concerned Regional Directors/Registrars of Companies for further action/compliance. The status of cases during the period from 01-04-2010 to 31-12-2010 is as under:

Opening Balance	Receipt of cases during the year	No. of cases disposed off	Pending cases	Reasons for pending
61677	2941	64618	60773	Pendency is on account of court procedures as well as non-traceability of the accused with easy process.

3.5 While tendering evidence before the Committee representatives of the Ministry of Corporate Affairs, the following information on the number of companies as on 31.3.2011 as given below:

Active Companies	6.84 Lakh
Public Limited Companies	0.55 Lakh
Private Limited Companies	6.29 Lakh
Dormant Companies	1.74 Lakh
Foreign Companies	1987
Listed Companies-BSE	4929
Listed Companies – NSE	1425
Companies under Liquidation	4282
Number of Limited Liability Partnerships registered under LLP Act	4430

3.6 On the details regarding Indian Corporate Law Service (ICLS), the Ministry furnished the following details:

- \* Posts in ICLS increased from 231 to 291
- \* Recruitment through Civil Services Examination
- \* First batch of 13 probationers joined on 13<sup>th</sup> December, 2010

\* 193 officers available

\* Proposal to take officers on deputation in addition to normal recruitment

#### **IV Early Warning System(EWS)**

4.1 The Ministry has evolved a system of early alerts called the Early Warning System (EWS) to ensure that there is no recurrence of cases like that of the Satyam scandal.

4.2 During examination of the Demands for Grants (2010-2011) of the Ministry of Corporate Affairs, the Ministry made the following written submission with regard Early Warning System (EWS) as stated below:

“Ministry has devised an Early Warning System (EWS) based on certain risk parameters (including financial and non-financial measures) to generate alerts regarding possibility of existence of unusual tendencies in the financial statements of the companies, the examination of which may lead to detection of ongoing fraud. To start with, based on the risk parameters, names of certain companies have been identified. The concerned Registrars of Companies have been advised to carry out scrutiny of documents filed by these companies with a view to validate the alerts generated through the Early Warning System. The Early Warning System will be fine tuned on the basis of inputs received from the Registrars of Companies.”

4.3 In their Action Taken Report on the 15<sup>th</sup> Report relating to Demands for Grants of the Ministry of Corporate Affairs for the year 2010-11, the Committee had emphasized the need for putting in place an effective fast track-mechanism to provide immediate relief to investors who have suffered and the ROCs specially sensitized for this purpose. In this connection, the Committee had suggested that the Early Warning System (EWS) developed by the Ministry should be gainfully utilized to inform and caution investors about defaulting companies.

4.4 During examination of the Demands for Grants (2011-12), the Ministry of Corporate Affairs were asked about the concrete steps taken in regard to the functioning of the Early Warning System (EWS) and its efficacy for ensuring investor protection. The Ministry of Corporate Affairs, inter-alia furnished their reply as stated below:

“In the process of development of Early Warning System (EWS), the Ministry has identified 10 Risk Parameters which can be run on the data available in the MCA-21 System. Under the Early Warning System, 149 companies were short listed based on the 10 risk parameters and the balance sheets filed and available in the registry for the year ending on 31-3-2009. All ROCs were asked to carry out non-invasive scrutiny of the Balance Sheets as at 31-3-2009 and available information in e-Registry. Out of these 149 companies, inspection u/s 209A of the Act has been ordered in respect of 18 companies to examine the books of accounts and other records. In respect of remaining companies, technical scrutiny u/s 234 of the Act has been ordered. Besides, identification of companies under Early Warning System on the basis of Annual Report (Balance Sheet and Profit & Loss Accounts) for the year 2009-10 is underway.”

4.5 While appearing before the Committee, the representatives of the Ministry of Corporate Affairs, furnished the following information on EWS's shown below:

- \* Established as an IT enabled tool for targeted enforcement.
- \* 149 companies were identified under EWS in October, 2009
- \* Scrutiny was conducted by ROCs under Section 234 of the Companies Act, 1956
- \* 10 risk parameters identified in 2009 were revisited and revised criteria for identifying companies has been prepared containing 26 risk parameters
- \* Another Set of 150 companies is being shortlisted for scrutiny under Section 234 of the Companies Act, 1956

## **V Investors Education and Protection Fund (IEPF)**

5.1 The Ministry of Corporate Affairs has established the Investor Education and Protection Fund (IEPF) under the provisions of Section 205 C of the Companies Act, 1956 with the objectives of promoting investor awareness and protecting their interests.

5.2 In this regard the Ministry has created the following websites to cater to investors to provide relevant knowledge and awareness to protect their interest viz., [www.investorhelpline.in](http://www.investorhelpline.in) : to provide online investor grievance redressal facility to the investors; [www.watchoutinvestor.com](http://www.watchoutinvestor.com) : to provide information to all the investors about such persons and entities, who have been indicted under different economic laws of the country; and [www.iepf.gov.in](http://www.iepf.gov.in) : to provide simple, user friendly educational and awareness contents to all the investors. This website is available in English, Hindi and 11

Regional Languages, namely **Tamil, Telgu, Kannad, Malayalam, Marathi, Gujarati, Bangla, Oriya, Assamese, Punjabi and Urdu**. It is expected that this website in these languages would help much greater number of investors to understand their rights and responsibilities while making investment decisions.

5.3 The Ministry of Corporate Affairs has submitted that various initiatives and activities have been undertaken to propagate investor awareness information which include the activities stated below:

“It undertakes investor awareness programmes in partnership with the Institute of Chartered Accountants of India (ICAI), Institute of Company Secretaries of India (ICSI) and Institute of Cost and Works Accountants of India (ICWAI), specifically targeting investors in tier II and tier III cities. “...The initiatives of the Ministry for spreading investor education and protection awareness in association with all other Institutes and organizations are a step forward in creating a congenial climate for the growth and protection of the retail informed investors and would eventually contribute towards the growth and stability of the Indian Capital Market.”

5.4 In regard to awareness campaign for investor under the IEPF, the Committee in their 5<sup>th</sup> Report on the Demands for Grants (2001—10) of the Ministry of Corporate Affairs made the following recommendations as stated below:

“... The Ministry is expected to become more pro-active with regard to capacity building of NGOs for undertaking investor education activities. Further, financial assistants under the IEPF should not be confined to northern region alone but well-dispersed across different regions of the country. Similarly, investor awareness campaign should also be conducted not merely in English but also in Hindi and all the regional languages of the country.”

5.5 The Ministry inter alia gave the following written submission in their action taken reply to the recommendations made in the 5th Report (2009-10) of the Committee:

“...the Ministry has become more active in regard to capacity building of the NGOs. It may further be added that these NGOs are from different parts of the country and they conduct investor awareness programmes in regional languages of their areas. The investors’ awareness programmes through print media are also in different regional languages besides English and Hindi. Till

the end of December 2009, the Ministry had released Rs.3.75 crore for various investors' awareness programmes out of Rs. 5 crore allotted for this purpose during the current financial year. The Ministry expects 100% utilization of Funds during the current financial year."

5.6 The Committee has reiterated the following recommendation in their 15<sup>th</sup> Report on the Demands for Grants (2010-2011) on the same issue as stated below:

"...The Committee would recommend that the Government should reconsider the proposal for augmenting the corpus of IEPF by including a part of the amount collected by way of unclaimed dividends with a view to enabling the Ministry of Corporate Affairs to fulfill their statutory obligations of investor awareness, investor protection and grievances redressal."

5.7 The Ministry inter alia gave the following written submission in their action taken reply to the recommendations made in the 15th Report (2010-1) of the Committee as stated under:

"Section 205(C) of the Companies Act, 1956 provides for establishing of the Investor Education and Protection Fund (IEPF). As per the provisions of the said Section, the Fund is to be established by the Government to be maintained as a separate Fund. As the separate fund has not been created, the amounts collected towards IEPF, including unclaimed dividends, are credited into the Consolidated Fund of India. For fulfilling its statutory obligations of investor awareness, investor protection and grievances redressal, the Ministry gets a budgetary allocation on year to year basis. The plan of activities in the current year has been made. In case additional funds are required, the same will be taken up at RE stage."

5.8 During examination of Demands for Grants (2011-12) of the Ministry of Corporate Affairs it was pointed out their different figures have been shown as actual expenditure for the year 2009-10 under this head of account, as below:

"Rs.3.42 crore in the Detailed Demands for Grants 2011-12 (Demand No.18, Page 10) and the outcome budget 2011-12. Rs.4.92 crore in the Annexure-1 of replies to the Points on Demands for Grants (2011-12) Ministry of Corporate Affairs."

5.9 The Ministry furnished their reply as stated below:

"In the month of September, 2010, the Ministry had placed an amount of Rs.1.5 Crore at the disposal of DAVP through authorization for

investors awareness programmes. This amount has not been included in the actual amount spent during 2010-11 (upto January, 2011). As on date, the actual expenditure during 2010-11 is Rs. 4.94 crore.”

## **VI Competition Commission of India (CCI)**

6.1 The Competition Commission of India (CCI) was established under the Competition Act, 2002 for the administration, implementation and enforcement of the Act, and was duly constituted in March 2009. The following are the objectives of the Commission.

- (a) To prevent practices having adverse effect on competition
- (b) To promote and sustain competition in markets
- (c) To protect the interests of consumers, and
- (d) To ensure freedom of trade.

6.2 In brief, the Competition Act has essentially the following four components:

- \*It prohibits anti-competitive agreements like cartels, which restrict freedom of trade and cause consumer harm by way of limiting production and distribution of goods and services and fixing prices higher than normal;
- \*It prohibits abusive behavior of a dominant firm, who through its position of dominance may restrict markets and set unfair and discriminatory conditions;
- \*It regulates mergers and acquisitions of large corporations in order to safeguard competitive markets
- \*Mandates competition advocacy.

### *Composition of the Commission*

6.3 The Commission consists of one Chairperson and six Members as per the Competition Act and has become functional with effect from 1<sup>st</sup> March, 2009. The details are as under:

Dhanendra Kumar	-	Chairperson
H.C. Gupta	-	Member
R. Prasad	-	Member
P.N. Parashar	-	Member
Geeta Gouri	-	Member
Anurag Goel	-	Member
M.L. Tayal	-	Member

6.4 The Ministry of Corporate Affairs provides a gist of cases registered and disposed off during the previous year (w.e.f. 01.04.2009 to 31.03.2010) as furnished below:

	No. of cases booked/taken up	No. of cases in which investigation ordered	No. of Orders passed for closure	No. of cases pending for disposal #	Remarks/ reasons
(i)	32	21	11	21 #	# 10 Cases under consideration of the Commission, 11 cases are being sent for investigation.
(ii)	50 (received from erstwhile MRTPC)	27	20	30#	# 7 Cases under consideration of the Commission, 23 cases are being sent for investigation.

6.5 The details of Budget Estimate(RE), Revised Estimates (RE) and Actual Expenditure (AE) under this head of account as furnished by the Ministry of Corporate Affairs are as below:

**(Non-Plan)**

**Rs. in crore**

Year	Budget Estimates	Revised Estimates	Actuals
2008-09	10.00	3.49	3.49
2009-10	20.00	19.00	16.00
2010-11	44.03	34.38	27.64*
2011-12	39.49		

\*Upto January, 2011

6.6 When asked to explain the reasons for making huge Budget allocations which have been underutilized year after year, the Ministry of Corporate Affairs inter alia submit their reply as stated under:

“197 posts have been sanctioned for CCI in various grades. The Commission which was operating initially with minimal staff became functional only during 2009-10 after the appointment of Chairperson and six Members. After establishment of the Commission, it started receiving cases and had to engage experts for their professional services against payment of fee and professional charges. Further, the Commission hired office accommodation on rent w.e.f. December,



2009. The increase in expenditure during 2009-10 and 2010-11 is largely attributable to these factors.

It was envisaged that all the 197 posts would be filled during 2010-11 for which necessary budget provision was made, but due to various administrative reason, only 96 posts could be filled so far. Consequently, the budget allocations were reduced by the Government under RE 2010-11.”

6.7 During examination of the Demands for Grants (2011-12) of the Ministry of Corporate Affairs, Secretary of the Ministry made the following oral submission :

“In terms of consumer protection, the Competition Commission has power to take suo motu action. I have been told that there are four cases which are already before the Commission that is, hike of sugar prices, hike in air fares, hike in onion prices and price increase and cartelisation of gas cylinder prices. The cement price case is also there before them. So, there are five cases which they have taken up. We will certainly be updating the Committee as to what is the process and how much time they will take to come to a conclusion on those issues.”

6.8 He further added :

“In the case of Airlines, the pricing is something which is regulated by the DGCA. I will be in touch with them today itself.”

## Part II

### RECOMMENDATIONS / OBSERVATIONS

#### I Budgetary allocation

1. The Committee note that the year wise total expenditure (non-plan) from 2006-07 to 2010-11 were Rs. 122.57 crore, 113.66 crore, 205.46 crore, 227.00 crore and 215.61 crore respectively against budget allocation/estimates of Rs. 145 crore, 185.10 crore, Rs. 223.00 crore, Rs. 239.05 crore and Rs. 249.01 crore respectively. This clearly indicates that the Ministry of Corporate Affairs have persistently reported a shortfall in utilisation of budgeted funds under the non-plan head for the last five years. Such a recurring negative trend in utilisation of funds has obviously reduced the budgeting exercise to a ritual. The reasons advanced by the Ministry are rather routine and thus not very convincing, particularly considering the recurring nature of the problem. The Committee therefore observe and suggest the Ministry to put their systems in order so that the entire budgeting exercise is taken more seriously and executed with due care and caution.

2. The Committee note with satisfaction that there has been a steady increase in the income generated by the Ministry in as much as an income of Rs. 1038.18 in 2006-07 has risen to Rs. 1493.44 crore in 2010-11. The Committee hope that the Ministry would sustain this trend while also exploring avenues to augment revenue by way of annual renewal charges, which will also help in keeping track of 'vanishing' companies.

**II Major works, Lands & Building, Indian Institute of Corporate Affairs (IICA) (Detailed Head 05.99.50)**

3. The Committee note that there have been wide variations between the Budget Estimates (BE) (Rs. 30 crore) and Actual Expenditure (AE) (Rs. 60 crore) in 2008-09 and BE Rs. 34 crore and AE Rs. 75.34 crore in 2010-11 under detailed Head- Major Works, Lands and Buildings (IICA). In both the years, the AEs overshoot the BEs by twice the amounts allocated. The Committee understand that the IICA building and campus at Manesar was scheduled to be completed by May, 2011 with an initial plan outlay of Rs. 211 crore. However, such gross mismatch between the Budget Estimates and Actual Expenditure under this head of account, where the expenditure incurred has been mainly for payment of cost of land and construction of building of the Indian Institute of Corporate Affairs (IICA) indicates cost overrun, not anticipated and budgeted for by the Ministry. The Committee would therefore like the Ministry to apprise them of the extent of cost overrun that has occurred in this project, while ensuring completion of the construction of IICA building and campus at the earliest without further exceeding the estimated outlay. The Committee would expect the Ministry to exercise greater prudence and financial discipline while planning and executing such important projects involving large costs.

**III Registrar of Companies (ROCs)**

4. As per the mandate provided under Section 234 and 234A of the Companies Act, the Registrar of Companies (ROCs) are required to scrutinize the Balance Sheets of Companies filed before them. In this regard, the

Standing Committee on Finance in their 5<sup>th</sup> Report (2009-10) had recommended that “proper coordination between the ROCs and the SEBI in regard to technical scrutiny of Balance Sheets” should be maintained. Similarly, proper coordination would be required with other regulatory bodies such as the RBI. From the reply furnished by the Ministry of Corporate Affairs, the Committee gather that a Committee is being proposed to be set up under the Chairmanship of Additional Secretary, Ministry of Corporate Affairs with the representatives of SEBI to share information gathered out of technical scrutiny/inspection/investigation done on the companies. While informing about the work done by the ROCs, the Ministry have submitted that there are 60,773 cases pending for disposal with the ROCs as on 31 December, 2010. Since the ROCs are acutely under staffed, the Committee are at a loss to understand as to how the Ministry of Corporate Affairs will be able to cater to the 6.84 lakh active companies and do justice to their expanding mandate. The Committee would therefore recommend that the Ministry should augment the cadre strength of the services manning the field posts and also, if required, engage qualified personnel on deputation or short-term contracts.

#### **IV Early Warning System (EWS)**

5. The Committee are happy to note that the number of risk parameters under the Early Warning System (EWS) instituted in 2009 to prevent and detect corporate frauds has been enhanced. The Committee hope that this system of generating “early warning alerts” is nurtured earnestly and followed up

rigorously with strict enforcement. It should also provide an electronic platform for related agencies like SEBI, RBI, SFIO, Directorate of Enforcement, Income Tax Department etc. to share valuable information about corporate entities and governance practices for necessary follow-up within their respective domain. The Committee would like to emphasise further that the EWS should also be gainfully utilized to inform and caution investors about defaulting companies.

#### **V Investors Education and Protection Fund (IEPF)**

6. The Committee note that the Ministry has established the Investors Education and Protection Fund (IEPF) to promote investor awareness and ensure investor protection. They appreciate the various programmes undertaken by Ministry in this regard by involving professional bodies such as the Institute of Chartered Accountants of India (ICAI), the Institute of Companies Secretaries of India (ICSI) and the Institute of Cost and Works Accountants of India (ICWAI). The Committee believe that this is a large task requiring adequate resources for its accomplishment. The Committee had therefore recommended in their earlier reports for better utilization of funds by way of conducting awareness programmes for investors across the country. The Committee had also recommended for augmenting the corpus of Rs. 5 crore, which is being allocated for IEPF every year, in view of the magnitude of the problems faced by vast number of investors located in different parts of the country. The Committee are surprised that the Ministry are barely able to spend this amount, let alone increase the allocation. The Committee are

therefore constrained to observe that the Ministry are not treating investor awareness and protection with requisite gravity. As this is an emerging area of concern with an ever-increasing number of grievances and widening scope for redressal involving multitudes of people and organisations, the Committee desire that the Ministry of Corporate Affairs should not only consider enhancing the corpus of IEPF but also devise effective methods of communicating with investors through workshops, seminars, grievance-redressal meetings, net-based interface etc. In this context, the Committee would also expect the Ministry to keep a check on companies in coordination with SEBI for ensuring proper disclosures and transparency while approaching the investors.

## **VI Competition Commission of India (CCI)**

7. The Competition Commission of India (CCI) was established with the objectives of preventing activities/ commercial practices having adverse effect on market competition; to promote and sustain competition in markets; to protect the interest of consumers; and to ensure freedom of trade. As regards its performance till date since it became operational on 1 March, 2009, the Committee find that out of 32 cases taken up, 21 cases are pending and out of 50 cases received from erstwhile MRTPC, 30 cases still remain pending. In this context, the Committee also gather that out of 197 posts envisaged to be filled up in 2010-11, only 96 posts have been filled up so far. The Committee

are unable to comprehend as to how the CCI has been functioning with minimal personnel, when the Chairman and Members of the Commission were appointed way back in 2009. The Committee are of the view that if the Ministry had shown the same keenness and promptness to appoint the staff /personnel just as they had demonstrated in respect of the Chairman and Members, the Commission and its attached office viz., the Directorate General could have been better equipped to deliver results much better than witnessed so far. The Committee would therefore, urge the Ministry to fill the vacant posts without further delay and even engage consultants and domain experts so that the purpose behind the setting up of the Commission is not defeated. Besides, in view of the wide range of responsibilities assigned to the Commission, the Committee desire that the Ministry should draw people from varied backgrounds and experience viz., Law, Finance, Administration, Legislation, etc. while appointing members for the Commission; so as to enable the Commission to arrive at balanced and equitable views/conclusions.

8. The Committee further desire that the Ministry should apprise the Committee of the work done and decisions taken by the CCI to address the issues currently in their hand viz. sugar prices, hike in air fares, hike in onion prices, hike in cement prices and cartelisation of gas cylinder prices etc. The Committee would also like the Competition Commission to remain alive and alert to issues of price-cartelisation, price-rigging and other such market-

**distorting practices widely prevalent even in the PSUs today in order to prevent such measures and to protect the interest of the consumers.**

**New Delhi;  
6 July, 2011  
15 Asadha, 1933(Saka)**

**YASHWANT SINHA  
Chairman,  
Standing Committee on Finance.**



## MINUTES OF THE SEVENTEENTH SITTING OF THE STANDING COMMITTEE ON FINANCE (2010-11)

The Committee sat on Friday, the 6<sup>th</sup> May, 2011 from 1130 hrs to 1330 hrs.

### PRESENT

**Shri Yashwant Sinha** – **Chairman**

### MEMBERS

#### LOK SABHA

2. Shri C.M. Chang
3. Shri Gurudas Dasgupta
4. Shri Nishikant Dubey
5. Shri Bhartruhari Mahtab
6. Shri Mangani Lal Mandal
7. Shri Rayapati Sambasiva Rao
8. Dr. Kavuru Sambasiva Rao
9. Shri Manicka Tagore
10. Dr. M. Thambidurai

#### RAJYA SABHA

11. Shri S.S. Ahluwali
12. Shri Raashid Alvi
13. Shri Piyush Goyal
14. Shri Mahendra Mohan
15. Dr. Mahendra Prasad
16. Dr. K.V.P. Ramachandra Rao

#### SECRETARIAT

- |                                 |   |                     |
|---------------------------------|---|---------------------|
| 1. Shri A. K. Singh             | – | Joint Secretary     |
| 2. Shri R.K. Jain               | – | Director            |
| 3. Shri T. G. Chandrasekhar     | – | Additional Director |
| 4. Shri Ramkumar Suryanarayanan | – | Deputy Secretary    |
| 5. Shri Kulmohan Singh Arora    | – | Under Secretary     |

### WITNESSES

#### **Ministry of Corporate Affairs**

1. Shri D.K. Mittal, Secretary
2. Shri Sudhir Mital, Additional Secretary
3. Dr. Rajan Katoch, AS&FA
4. Shri A.K. Srivastava, Joint Secretary

5. Smt. Renuka Kumar, Joint Secretary
6. Dr. T.V. Somanathan, Joint Secretary
7. Shri V.R. Ghodeswar, Chief Controller of Accounts
8. Dr. Joseph Abraham, Economic Adviser

**Attached/Surbordinates Offices**

9. Shri M.K. Arora, Director, Indian Institute of Corporate Affairs (IICA)
10. Shri Ashok Menon, Registrar, Competition Appellate Tribunal (CAT)
11. Shri S.L. Bunkar, Secretary, Competition Commission of India (CCI)
12. Shri Anuj Kumar Bishnoi, Director, Serious Fraud Investigation Office (SFIO)
13. Shri P.K. Malhotra, Secretary, Company Law Board (CLB)

3. The Committee took oral evidence of the representatives of the Ministry of Corporate Affairs in connection with examination of Demands for Grants (2011-12). The major issues discussed during the sitting broadly related to manpower shortage in the Ministry of Corporate Affairs, enhancement of income generated by the Ministry, strengthening of the investigative powers of the SFIO, role and responsibilities of the Competition Commission of India in respect of regulation of market competition and curbing of monopoly and cartelisation of prices of commodities and services such as cement, sugar, onions, airfares etc.

4. The Chairman directed the representatives of Ministry of Corporate Affairs to furnish replies to the points raised by the Members during the discussion within ten days.

The witnesses then withdrew.

A verbatim record of the proceedings was kept.

The Committee adjourned at 1330 hours.

## MINUTES OF THE NINETEENTH SITTING OF THE STANDING COMMITTEE ON FINANCE (2010-11)

The Committee sat on Wednesday, the 29<sup>th</sup> June, 2011 from 1130 hrs to 1400 hrs.

### PRESENT

**Shri Bhartruhari Mahtab** – **Acting Chairman**

### MEMBERS

#### LOK SABHA

2. Shri C.M. Chang
3. Shri Bhakta Charan Das
4. Shri Gurudas Dasgupta
5. Shri Nishikant Dubey
6. Shri Mangani Lal Mandal
7. Shri Magunta Sreenivasulu Reddy
8. Dr. Kavuru Sambasiva Rao
9. Shri Sarvey Sathyanarayana
10. Shri Dharam Singh

#### RAJYA SABHA

11. Shri S.S. Ahluwalia
12. Shri Raashid Alvi
13. Shri Moinul Hassan

#### SECRETARIAT

1. Shri A. K. Singh – Joint Secretary
2. Shri R.K. Jain – Director
3. Shri T. G. Chandrasekhar – Additional Director
4. Shri Kulmohan Singh Arora – Under Secretary

### Part I

**(1130 hrs. to 1145 hrs.)**

2. In the absence of the Chairman, the Committee chose Shri Bhartruhari Mahtab, M.P. to chair the sitting under Rule 258(3) of the Rules of Procedure.
3. The Committee then took up the draft Report on Demands for Grants (2011-12) of the Ministry of Corporate Affairs for consideration and adoption. The Committee

adopted the draft Report with some changes as suggested by the Members. The Committee authorised the Chairman to present the Report to Parliament.

**Part II**  
**(1145 hrs. to 1215 hrs.)**

**WITNESSES**

4.	XX	XX	XX	XX
	XX	XX	XX	XX

The witnesses then withdrew.

**Part III**  
**(1215 hrs. to 1300 hrs.)**

**WITNESSES**

5.	XX	XX	XX	XX
	XX	XX	XX	XX

The witnesses then withdrew.

**Part IV**  
**(1300 hrs. to 1400 hrs.)**

**WITNESS**

6.	XX	XX	XX	XX
	XX	XX	XX	XX

A verbatim record of the proceedings was kept.

The witnesses then withdrew

The Committee then adjourned at 1400 hours.