

**GOVERNMENT OF INDIA
CORPORATE AFFAIRS
LOK SABHA**

UNSTARRED QUESTION NO:3004
ANSWERED ON:29.08.2013
PRIVATE PLACEMENT ROUTES
Shankar Alias Kushal Tiwari Shri Bhisma

Will the Minister of CORPORATE AFFAIRS be pleased to state:

- (a) whether the Government is considering a crackdown on unlisted companies that have allegedly misused the private placement route to raise funds;
- (b) if so, the details thereof;
- (c) whether the Government is contemplating to make it mandatory for companies to file each placement individually with the Registrar of Companies (RoCs);
- (d) if not, the reasons therefor;
- (e) whether the Government is contemplating an upper limit on the number of private placements which a company can undertake in a given period of time;
- (f) if so, the details in this regard;
- (g) whether the Government has urged RoC to inspect the books of accounts of certain companies for alleged violation of norms of private placements; and
- (h) if so, the names of these companies and the finding of the RoC with respect to them?

Answer

THE MINISTER OF STATE (SHRI SACHIN PILOT) (INDEPENDENT CHARGE) IN THE MINISTRY OF CORPORATE AFFAIRS

(a) to (h) Action against erring companies under the provisions of Companies Act, 1956 is a continuous process. Clause 42 of the Companies Bill, 2013 which has been passed by both houses of Parliament provides for invitation for subscription of securities on Private Placement. Rules making detailed procedural arrangements for raising funds through Private Placement will be displayed on website of the Ministry for inviting comments of the Public before same are notified.