

**GOVERNMENT OF INDIA  
CORPORATE AFFAIRS  
LOK SABHA**

UNSTARRED QUESTION NO:70  
ANSWERED ON:05.12.2013  
CRACKDOWN ON UNLISTED COMPANIES  
Reddy Shri Modugula Venugopala

**Will the Minister of CORPORATE AFFAIRS be pleased to state:**

- (a) whether the Government proposes 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) and also an upper limit on the number of private placement which a company can undertake in a given period of time;
- (d) if so, the details thereof;
- (e) whether the Government has urged the RoCs to inspect books of accounts of certain companies for alleged violation of norms of private placements; and
- (f) if so, the details of such companies and the findings of the RoCs with respect to them?

**Answer**

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

(a) to (f) Action against such errant companies under the provisions of Companies Act, 1956 is a continuous process. Section 42 of the Companies Act, 2013 provides for invitation for subscription of securities on Private Placement.

Draft Rules regarding Private Placements have already been issued by the Ministry on 24.9.2013 inviting public comments under the Companies Act, 2013.