

**GOVERNMENT OF INDIA
CORPORATE AFFAIRS
LOK SABHA**

UNSTARRED QUESTION NO:72
ANSWERED ON:02.07.2009
PROTECTION OF SMALL INVESTORS
Owaisi Shri Asaduddin

Will the Minister of CORPORATE AFFAIRS be pleased to state:

- (a) whether small investors in the country are being cheated out by companies;
- (b) if so, the number of such cases which came to the notice of the Government recently; and
- (c) the steps taken by the Government to protect the interests of small investors?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF CORPORATE AFFAIRS (SHRI SALMAN KHURSHID)

(a) The investors' complaints received in the Ministry pertain to defaults by the companies from complying with various provisions of the Companies Act, 1956, such as non-receipt of dividend/duplicate shares, non-refund of application money, non-payment of matured deposits and interest thereon, non-redemption of debentures and interest thereon, etc. The Ministry redresses the grievances through the jurisdictional Registrars of Companies. It also coordinates with the Reserve Bank of India, Department of Economic Affairs and Securities and Exchange Board of India for redressal of investors' grievances received in the Ministry but pertaining to these agencies.

(b) The number of investors' complaints received in the Ministry during the period 1.4.2008 to 31.3.2009 were 986.

(c) Government has taken a number of steps to protect the interests of small investors. Appropriate provisions have been made in the Companies Act, 1956, for this purpose under various Sections, such as Sections 252 (i), 58AA, 58A(1) and 399 (4). The Companies (Appointment of Small Shareholders' Director) Rules, 2001 provide for election of a director representing small shareholders as prescribed under the Rules. The defaults in repayment of deposits are to be intimated to the Company Law Board (CLB) by the companies on a monthly basis. Further, in cases of default, CLB can direct the companies to repay within prescribed time and in the manner specified in its order. Other steps taken by the Ministry for protection of small investors include implementation of MCA21, an e-governance programme for easy access to corporate information in public domain; launch of three websites www.watchoutinvestors.com, www.investorhelpline.in, www.iepf.gov.in to provide information about economic defaulters; putting in place suitable mechanisms for redressal of investor grievances and imparting financial literacy to general public etc. All these facilities have been provided free of cost. Besides, Ministry has also organized media campaigns, workshops, etc. to educate investors.