

**GOVERNMENT OF INDIA  
CORPORATE AFFAIRS  
LOK SABHA**

UNSTARRED QUESTION NO:742  
ANSWERED ON:09.07.2009  
CORPORATE DISCLOSURE BY COMPANIES  
Khaira Shri Chandrakant Bhaurao

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

- (a) whether the Government is taking steps to ensure corporate disclosures by the companies in wake of recent surge in the stock market;
- (b) if so, the details thereof; and
- (c) the steps taken by the Government to nip in bud fraud cases?

**Answer**

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

(a) & (b) An elaborate regulatory framework is already in place under the Companies Act, 1956 to deal with corporate disclosures by the companies registered under the Act. This framework provides for statutory disclosures to the Stakeholders about the true and fair view of the state of affairs of the companies. To facilitate corporate disclosures by the companies to the stakeholders and the Regulatory Agencies, the Government has set up an electronic registry with round the clock access, including inspection of documents, through internet. The Government is empowered to inspect the books of accounts of companies and also to investigate their affairs, if need be, under the Companies Act, 1956. The companies are also required to disclose their financial position in accordance with Schedule VI of the Companies Act, 1956 and the Companies (Accounting Standard) Rules, 2006. Further, section 628 of the Act provides that if any person makes a false statement in any return, report, certificate, balance sheet, prospectus, statement or other document required by or for the purpose of any of the provisions of the Act, he/she shall be punishable with imprisonment for a term which may extend to two years and shall also be liable to fine.

(c) The Government introduced Companies Bill, 2008 in the Lok Sabha on 23.10.2008, to provide for a comprehensive revision of the provisions of the Companies Act, 1956 which would enable more effective checks against irregularities/frauds by companies. The Companies Bill, 2008, has lapsed in view of Article 107 (5) of the Constitution. The Government now proposes to re-introduce the Bill as Companies Bill, 2009 in the Parliament.