

**GOVERNMENT OF INDIA
LAW , JUSTICE AND COMPANY AFFAIRS
LOK SABHA**

STARRED QUESTION NO:71
ANSWERED ON:27.07.2000
PROTECTION OF INTERESTS OF INVESTORS
JAGMEET SINGH BRAR;PUSHPDAN SHAMBHUDAN GADHAVI

Will the Minister of LAW , JUSTICE AND COMPANY AFFAIRS be pleased to state:

- (a) whether the Government are aware that thousands of companies have vanished collecting/raising funds from public through public issues;
- (b) if so, the names of such companies, State-wise;
- (c) the companies which are not paying dividend to share holders for the last five years;
- (d) the manner in which the Government propose to protect the interests of the investors;
- (e) whether the Government have taken any action to weed out such fraudulent companies; and
- (f) if so, the details thereof ?

Answer

THE MINISTER OF STATE FOR THE MINISTRY OF INFORMATION AND BROADCASTING AND MINISTRY OF LAW, JUSTICE AND COMPANY AFFAIRS (SHRI ARUN JAITLEY)

(a) & (b) : Administration of the Primary Capital Market is governed by The Securities and Exchange Board of India Act, 1992 . Securities and Exchange Board of India (SEBI) reports directly to the Ministry of Finance.It is not correct that thousands of companies have vanished after collecting/raising funds from public through Public Issues.In fact,142 erring companies were identified as vanishing companies, out of these Department of Company Affairs (DCA) has identified 24 companies which are not traceable (List annexed). Prosecutions have been launched against these companies by the field Offices of DCA.They have also been instructed to refer these companies to Regional Economic Intelligence Agencies. Police complaints have also been filed against 24 companies. The DCA has also written to the Chief Secretaries and Finance Secretaries of concerned States for taking penal action against the aforesaid 24 companies under Investors Protection Act (wherever applicable) and or/Indian Penal Code.

(c) : As per provision of Companies Act, 1956, it is not mandatory on the part of the companies to pay dividend to shareholders every year. Therefore, details are not maintained.

(d) : With a view to protect the interest of the investors, a new section 205 C has been inserted in the Companies Amendment Act, 1999 to establish a fund to be called as the `Investor Education and Protection Fund` and a Committee has been set up to notify the Rules for the fund and administer the Fund.

(e) & (f) : Yes, necessary directions have been issued to the field organisations, to file winding up petitions u/s 433/439 of the Companies Act, 1956 against these 24 companies which are not traceable.

ANNEXURE TO LOK SABHA STARRED QUESTION NO.71 FOR 27.7.2000 STATE WISE LIST OF COMPANIES TRACEABLE

S1.No Name of the Company

GUJARAT

1. BHAVNA STEEL CAST LTD.
2. TOPLINE SHOES LTD.
3. GUJARAT BONANZA AUTO AND STEEL ROLLING LTD.

TAMIL NADU

4. GLOBAL BLOOMS (INDIA) LTD.

5. NAVAKKARAI SPINNERS LTD.

6. PAPPILON EXPORTS LTD.

7 SHYAM PRINTS & PUBLISHERS LTD.

8. AMIGO EXPORTS LTD.

DELHI

9 ICP SECURITIES LTD.

10. LAKSHYA SECURITIES & CREDIT HOLDINGS LTD.

11 STAR ELECTRONICS LTD.

12. STAR EXIM LTD.

13. KALYANI FINANCE LTD.

14. ZED INVESTMENTS LTD.

15. BIG STAR FILMS LTD. Formerly MOON HOLDINGS & CREDIT LTD.

16. HATRON NETWORKS LTD.

ORISSA

17 ORISSA LUMINARIES LTD.

18 UNIVERSAL VITA ALIMENT LIMITED

MADHYA PRADESH

19 JANAK INTERMEDIARIES LTD.

20 RAJADHIRAJ IND. LTD.

21 HI-TECH DRUGS LTD.

22 MADHYAVART EXXOIL LTD.

23 STERLING KALKS AND BRICKS LTD.

24. TOTAL EXPORTS LTD.