

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

UNSTARRED QUESTION NO:848
ANSWERED ON:27.07.2000
PROTECTION TO SMALL INVESTORS
DR. KIRIT SOMAIYA

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

- (a) whether the Company Law Board is overburdened with the cases;
- (b) if so, the number of cases disposed of during the last year and the number of cases pending at present; and (
- (c) the remedy lies with the small investors in case the Government does not obey the order/scheduled order of the Company Law Board?

Answer

MINISTER OF STATE OF MINISTRY OF LAW, JUSTICE AND COMPANY AFFAIRS (SHRI ARUN JAITLEY)

(a) Yes, Sir.

(b) During 1.4.1999 to 31.3.2000, CLB disposed of 66926 cases and as on 1.4.2000 14403 cases were pending.

(c) In case of non-Banking-non-Financial companies, whenever the orders are passed under Section 58A(9) of the Companies Act, 1956, a copy of Company Law Board (CLB) order is marked to concerned Registrar of Companies(ROC) stating therein that in case CLB order is not implemented, necessary action may be taken by the ROC concerned under Section 58A(10) of the Companies Act against the said company.

Similarly, in case of Non-Banking Financial Companies, CLB passes orders under Section 45QA of the Reserve Bank of India (RBI) Act, 1934. Copies of orders are also forwarded to RBI indicating that in case company fails to implement the order, penal action under RBI Act may be taken by RBI under Section 58B of the RBI Act.

The contravention of CLB order is punishable with imprisonment for a term which may extend upto 3 years and also with fine.