

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2740
ANSWERED ON:19.12.2003
VIOLATION OF RULES BY COMPANIES
HARIBHAI PARTHIBHAI CHAUDHARY;RATNA SINGH

Will the Minister of FINANCE be pleased to state:

- (a) the number of cases registered by the Department of Company Affairs against companies for alleged violation of existing rules and regulations during the last three years;
- (b) the number of cases out of it taken up for investigation and other details thereof; and
- (c) how many of these cases have been concluded and their outcome?

Answer

MINISTER OF FINANCE (SHRI JASWANT SINGH)

(a) The Department carries out inspections u/s 209A or investigations under Sections 235/237 of the Companies Act, if there are grounds to believe any irregularity having been committed by any company. Inspections are also ordered on random basis. The number of inspections/investigations ordered in the preceding 3 years have been as follows :-

Year	No. of Inspections Ordered	No. of Investigations Ordered
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2000-01	270	Nil
2001-02	190	8
2002-03	37	4

(b) & (c) The inspections/investigations may not end in the same year and hence it would not be possible to state the result of investigations and details thereof in respect of cases taken up for inspections/ investigations during the year of reference. However, results of inspections/ investigations ordered from the previous years continue to flow in during the course of the year. The Department also carries out technical scrutiny, on random basis, of accounts and documents filed with the Registrar of Companies. As a result of the completed investigations/inspections and such random scrutiny of annual returns, the position regarding the prosecutions for the preceding 3 years is as follows:-

Year	No. of Prosecutions launched
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2000-01	9187
2001-02	8334
2002-03	9154

Prosecutions started during the same year do not necessarily conclude during the year itself; but some prosecutions launched earlier come to an end. The number of prosecutions, thus, disposed during the preceding 3 years has been as follows:-

Year	No. of prosecutions disposed of
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2000-01	9615
2001-02	5658
2002-03	5467

Illustratively, the result of prosecutions has been as follows:-

Year	Convictions	Fine Acquittals	Condonations	Imposed in Rs.
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2000-01	2119	3757	3739	44,06,205
2001-02	2430	356	1629	42,67,676
2002-03	2804	441	866	59,53,475