

**GOVERNMENT OF INDIA
COMPANY AFFAIRS
LOK SABHA**

UNSTARRED QUESTION NO:3246
ANSWERED ON:12.05.2006
INSPECTION OF COMPANIES
Jha Shri Raghunath;Prabhu Shri Suresh Prabhakar

Will the Minister of COMPANY AFFAIRS be pleased to state:

- (a) the number of companies registered with Registrar of Companies and the details of new companies registered during the last two years, State-wise;
- (b) the number of companies inspected during each of the last three years;
- (c) the instances/cases of irregularities/mis-appropriation of funds etc. noticed during inspection and the action taken thereon;
- (d) the criteria laid down for selecting company for inspection;
- (e) whether there is any proposal to laid down the policy for the same; and
- (f) if so, the details thereof?

Answer

MINISTER OF COMPANY AFFAIRS (SHRI PREM CHAND GUPTA)

(a) As per the available compiled data, the number of companies registered with Registrar of Companies is as under:-

- (1) As on 31.3.2004 6,41,512
- (2) As on 31.3.2005 6,79,649

The details of new companies registered during the last two years, for which State-wise data is available, is given as per Annex-I and II respectively.

(b) The number of inspections of companies conducted during each of the last three years is as under;

2003-2004	109
2004-2005	197
2005-2006	253

(c) During the course of inspections under section 209A of the Companies Act, 1956, violations of various provisions of the Companies Act, 1956 and financial irregularities, which come to notice, are pointed out and legal action is taken against the concerned companies and their directors and officers, as the case may be, in the competent courts as per laid-down procedure.

(d) Inspection of a company under section 209A of the Companies Act, 1956 is a statutory power that may be invoked and exercised depending upon the circumstances of the case. However, inspection under section 209A of the Companies Act are generally ordered on the basis of the following broad criteria: -

(i) Complaints received in the Ministry of Company Affairs or its field offices about mismanagement in respect of maintenance of books of accounts as prescribed under section 209 of the Companies Act, delay in transfer of shares/debentures, delay in payment of

dividend, non-payment of deposits or interest thereon etc.;

(ii) Violations/irregularities noticed on scrutiny of documents including Auditor's qualification remarks on the Balance Sheets filed in the office of Registrar of Companies;

(iii) Reference received from other Government Departments/Agencies pointing out violations of the provisions of the Companies Act, 1956 or other irregularities.

(e)&(f) There is no proposal for any specific policy on inspections of companies as it is not felt desirable to limit or confine the scope of inspections carried in exercise of statutory powers.