

**GOVERNMENT OF INDIA  
COMPANY AFFAIRS  
LOK SABHA**

UNSTARRED QUESTION NO:3506

ANSWERED ON:25.08.2006

PROTECTION OF SMALL INVESTORS

Das Shri Alakesh;Mollah Shri Hannan;Pradhan Shri Prasanta;Seth Shri Lakshman Chandra

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

(a)whether Company Law Board is aware that several Private Companies including Finance Companies had taken fixed deposits from the public, mainly small investors and not refunding their money long after their maturity and many of them have taken approval from Ministry of Company Affairs for making refunds in phased manner e.g. Morepan Laboratories, Duncan Industries, Escort Finance, Mcdowell Krest Finance, Rannaque Finance, Lloyds Finance, Kuber Mutual Benefit Fund, Kuber Plants, Escorts Ltd.;

(b)if so, the details thereof; (

(c)the action taken by the Company Law Board thereon; and (

(d)the steps taken by the Government to protect the interests of the small investors?

**Answer**

MINISTER OF COMPANY AFFAIRS (SHRI PREM CHAND GUPTA)

(a) to (c): Yes, Sir. The Company Law Board can, on its own or on the application of the depositor, direct the company to make repayment of deposits in a manner and the time frame, indicated in the order under Section 58A (9) of the Companies Act 1956. In exercise of these powers, the Company Law Board has approved the scheme for repayment of deposits in 85 cases. Information in respect of the companies mentioned in part (a) of the Question is annexed.

(d): The Government has, inter alia, taken the following steps to protect the interests of the small investors:-

(i) A facility has been set up for online filing of complaints by the depositors on the Ministry's website [www.mca.gov.in](http://www.mca.gov.in). These complaints are being taken up in e-governance mode for speedy redressal,

(ii) A mechanism has been put in place under which the complaints of the depositors are taken up with the companies, through the jurisdictional Registrars of Companies, for redressal of their grievances,

(iii) Director(s) of a company which has failed to repay its deposits become(s) ineligible for appointment as director(s) of another company in accordance with the provisions of Section 274 (1) (g) of the Companies Act,

(iv) Auditors are also required to make a statement whether any Director is disqualified from being appointed as Director under clause(g)of Sub-Section (1) of Section 274 of the Companies Act, 1956,

(v) A number of initiatives have been taken through the "Investor Education & Protection Fund" established under Section 205C of the Companies Act 1956, to educate the investors about their rights. Awareness programmes for investors have also been undertaken through involvement of voluntary organizations and Investor associations. A new web-site [www.watchoutinvestors.com](http://www.watchoutinvestors.com) has also been created with financial assistance from the "Investor Education and Protection Fund" to help the investors to protect themselves from unscrupulous promoters, companies and entities. This website is a national web based registry of economic defaulters, who are indicted for economic offences/defaults.