

**GOVERNMENT OF INDIA
MINISTRY OF CORPORATE AFFAIRS**

**RAJYA SABHA
UNSTARRED QUESTION NO. 20
ANSWERED ON MONDAY, THE 05th AUGUST, 2013**

RECORD OF DUBIOUS COMPANIES

QUESTION

20. DR. T. N. SEEMA:

Will the Minister of CORPORATE AFFAIRS be pleased to state:

- (a) whether Government has any record of the number of dubious companies, including fly-by-night companies, that have duped investors and the number of investors who have been cheated into making investments in these companies;
- (b) if so, the details thereof along with the estimated amount of investments involved therein and the action taken against such companies during the last three years, State/ UT-wise; and
- (c) the effective measures taken/ being taken by Government to predict such fraudulent activities by any company and sensitize the people about investment scenario in the country and to address the problem?

ANSWER

THE MINISTER OF STATE
(INDEPENDENT CHARGE)
IN THE MINISTRY OF CORPORATE AFFAIRS

(SHRI SACHIN PILOT)

(a) to (c) A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (A) TO (C) OF THE UN-STARRED QUESTION NO. 20 FOR ANSWER IN RAJYA SABHA ON 05-08-2013

(a) & (b) During the last three years (i.e. 2010-11 to 2012-13), 154 complaints against companies have been received in the Ministry. Inspections u/s 209A and/ or Investigations u/s 235 or scrutiny of the Balance Sheets and other documents u/s 234 of the Act in these cases have been ordered. Having regard to the nature of complaints and the estimated amounts involved are difficult to ascertain.

(c) The Ministry of Corporate Affairs is in the process of developing an early warning system to identified cases of frauds or potential frauds at the earliest. Pilot testing of the system is expected to be completed during 2013-14. The Ministry has initiated several steps to protect the interests of investors through programmes of investors' awareness and education. Important among such steps are -

- (i) Undertaking investor awareness programmes in association with the Institute of Chartered Accountants of India, Institute of Company Secretaries of India and Institute of Cost Accountants of India, specifically targeting investors in tier II and tier III cities.
- (ii) Publication of a comprehensive guide in English and two smaller booklets in English, Hindi and 11 vernacular languages for use of investors. The same are distributed to all the investors participating in the investor awareness programmes.
- (iii) Issue of multi-lingual print media advertisements from time to time to caution the investors about fraudulent investment schemes.
- (iv) Undertaking media campaigns through DD News Channels and Regional Kendras of Doordarshan.
- (v) Publishing a brief investor's awareness message on Post Office Savings Bank Passbooks.
- (vi) A system of sending SMSs introduced cautioning investors to be careful while making investments.
- (vii) Providing search facility on the portal of the Ministry (MCA 21) enabling investors to search their unpaid and unclaimed amounts and claim payments from the concerned companies.
- (viii) Creation of facility on MCA21 website for lodging investor complaints and for tracking their status
