

ANNUAL REPORT 2009-2010



MINISTRY OF CORPORATE AFFAIRS
GOVERNMENT OF INDIA

ANNUAL REPORT

2009-10



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MINISTRY OF CORPORATE AFFAIRS
NEW DELHI

CONTENTS

CHAPTER		PAGES
CHAPTER I		
Overview		1-15
CHAPTER II		
Organisational Set up and Functions		16-23
CHAPTER III		
The Companies Act, 1956 and its Administration		24-47
CHAPTER IV		
The Monopolies and Restrictive Trade Practices Act, 1969 Policy, Provisions and Performance		48-52
CHAPTER V		
Allied Legislations		53-54
CHAPTER VI		
Statistical Review of Corporate Sector		55-56
CHAPTER VII		
Towards Interactive and Responsive Administration		57-62
ANNEXURES		
Directory of the Ministry of Corporate Affairs - Addresses of Regional Directors, Registrars of Companies & Official Liquidators -	Annexure - I	65-67
Organisational Chart of the Ministry of Corporate Affairs -	Annexure – II	68-71
Major Functionaries of the Ministry of Corporate Affairs -	Annexure – III	72-73
Audit Observations -	Annexure – IV	74
	Annexure - V	75

CHAPTER – I

OVERVIEW

Introduction

1.1.1 This report covers the period from 1st April, 2009 to 31st December, 2009. The Ministry of Corporate Affairs is concerned with the administration of a wide range of statutes for the regulation of the corporate sector including the Companies Act, 1956. Beside, it also administers the following Acts:

- i) The Chartered Accountants Act, 1949
- ii) The Cost and Works Accountants Act, 1959
- iii) The Company Secretaries Act, 1980
- iv) The Partnership Act, 1932
- v) The Societies Registration Act, 1860
- vi) The Companies (Donations to National Funds) Act, 1951
- vii) The Monopolies and Restrictive Trade Practices (MRTP) Act, 1969
- viii) The Competition Act, 2002 as amended by Competition (Amendment) Act, 2009
- ix) The Limited Liability Partnership (LLP) Act, 2008.

Brief description of the various Acts being administered by the Ministry is given in **Chapter V**.

1.1.2 Shri Salman Khurshid assumed the charge as Minister of State (I/C) in the Ministry of Corporate Affairs on 28th May, 2009.

1.1.3 Shri R. Bandhopadhyay assumed the charge of Secretary, Ministry of Corporate Affairs on 2nd September, 2009 and Shri Anurag Goel relinquished the charge.

Organisational Set-up

1.2 The Ministry has a three tier organisational set-up for administration of the Companies Act, 1956 namely, the Secretariat at New Delhi, the Regional Directors at Mumbai, Kolkata, Chennai and Noida (U.P.) and 20 offices of Registrars of Companies (ROCs) in States and Union Territories. 19 offices of the Official Liquidators who are attached to various High Courts functioning in the country are also under the overall administrative control of the Ministry. A brief description of the above offices/establishments is given in **Chapter-II**.

Revision of Companies Act and other related Legislations

Legal framework for Limited Liability Partnership (LLP):

1.3.1 The provisions of the newly enacted Limited Liability Partnership Act, 2008 have been notified for implementation with effect from 31-03-2009. The Limited Liability Partnership Rules, 2009 (on all matters except winding up and dissolution of LLP) have also been notified on 1st April 2009. The provisions relating to conversion of partnership firms, private company and unlisted public company into LLP came into effect from 31st May 2009. However, the Second, Third and Fourth Schedule of the Limited Liability Partnership Act, 2008 provides for making an application to the Tribunal against the refusal by Registrar of Companies for conversion of a firm, private company and unlisted public company into LLP. Since the setting up of Tribunal has been held up due to legal challenge as the judgment of the Supreme Court in this regard is still awaited, therefore, through the notification necessary amendment has been made in the Second, Third

and Fourth Schedule of the LLP Act, 2008 by substituting the word "Tribunal" with the words "Company Law Board". An amendment to Rule 32(2) of the LLP Rules, 2009 has also been made to this effect.

1.3.2 Limited Liability Partnership (LLP) is a legal form which is governed by the Limited Liability Partnership Act, 2008. LLP is a new business vehicle in body corporate form and therefore a separate legal entity which limits the liability of the partners to their agreed contribution. Any two or more individuals or bodies corporate may incorporate an LLP for carrying on a lawful business with a view to profit. LLP structure is not restricted to any specific trade, business, profession or service. LLP is a legal entity separate from its partners and has perpetual succession. The LLP structure allows the enterprises the flexibility of organizing internal structure as a partnership

Comprehensive revision of the Companies Act:

1.4.1 The Corporate form is increasingly emerging as the preferred vehicle for economic and commercial activity, with mobilization of public resources. The number of companies has expanded from about 30,000 in 1956 to nearly 9 lakhs as on date. In this background, a need was felt to help sustain this growth by enabling a legal framework that would enable the Indian corporate sector to operate in an environment of the best international practices in a globally competitive manner, while fostering a positive environment for investment and growth. The basis for growth of a nation is the quality, effectiveness and efficiency of its regulatory framework. The law prescribing such a framework, therefore, needs to be compact, amenable to clear interpretation, enabling the required regulatory institutional structures to develop and respond in a timely and appropriate manner to meet the requirements of ever evolving economic activities and business models. Many international investors are looking towards the statutory and regulatory framework for the corporate sector in India while deciding on their

investment options. Modernization of corporate regulation, governing various aspects of setting up of enterprises, structures for sharing of risk and reward, their governance and accountability to stakeholders, financial procedures and responsibility for disclosures, procedures for rehabilitation, liquidation and winding up is, therefore, critical to the perceptions of investors and determining their business and investment decisions.

1.4.2 In view of above, bringing a modern and contemporary new Company Law is of immense importance for the nation, it has been decided to take up comprehensive revision of Companies Act, 1956 in order to bring the law in tune with the changing requirements. The exercise was started with the preparation of the Concept Paper and its dissemination on the website of the Ministry to seek public comment, followed by constitution of an Expert Group headed by Dr J J Irani and consisting of representatives from corporate, industry bodies and professionals. Pursuant to the recommendations of Dr JJ Irani Committee and wide ranging consultations with different groups of stakeholders, the Companies Bill, 2008 with the object to consolidate and amend the law relating to companies was prepared and introduced in the Lok Sabha on 23-10-2008. However, in terms of Article 107(5) of the Constitution of India, the Bill was lapsed.

1.4.3 The Companies Bill, 2008 has been re-introduced in the Lok Sabha as the Companies Bill, 2009 on 3rd August 2009. The Bill has been referred to the Parliamentary Standing Committee on Finance for examination and report.

Revision of Forms prescribed under various rules of the Companies Act, 1956

1.5.1 The Ministry of Corporate Affairs has successfully implemented its MCA-21 e-Governance Project. With the introduction of MCA-21, electronic filing was made mandatory w.e.f. 16th September, 2006. On the basis of the suggestions received and in-house examination of these Forms in the Ministry, a review was

undertaken to revise the existing forms which would bring further improvement and enhancement in service delivery under MCA-21 e-Governance Project'. 14 Forms namely Form-1, 5, 8, 10, 17, 19, 20, 20A, 24B, 25A, 44, 49, 61 and 67 were undertaken for revision and implemented in the system for use by the stakeholders. The objective of the revision of aforesaid Forms was to make the filing easier and more clarificatory to the users, to make ease of back office processing of e-Forms for prompt response to the user and to bring further improvement in the e-Forms by changing/adding or deleting fields therein to elicit information in accordance with the provisions of the Companies Act, 1956.

1.5.2 Further, the Companies (Electronic Filing and Authentication of Documents) Rules, 2006 and Scheme for Filing of Statutory Documents and other Transactions by Companies in Electronic Mode, 2006 have been amended for providing collection of stamp duty online on Form No. 1, MOA, AOA, Form No. 5 and 44 through MCA portal and dispensation of physical submission of such documents in the office of ROCs. After implementation of e-stamping, it would be very convenient and friendly for stakeholders to pay the stamp duty along with filing fee of the documents and the ROCs would not have to wait for physical submission thereof and can dispose off the documents relating to incorporation of a company and for increase in the nominal capital immediately after e-filing.

Convergence of Accounting Standards with International Financial Reporting Standards (IFRS)

1.6.1 Accounting Standards are policy documents relating to various aspects of measurement, treatment, presentation and disclosure of accounting transactions and events. The purpose of Accounting Standards is to standardise diverse accounting policies with a view

to eliminate incomparability of financial statements. The objective is to provide a set of standard accounting policies which are in conformity with generally accepted principles and policies.

1.6.2 Pursuant to the provisions of section 211(3C) of the Companies Act, 1956, the Companies (Accounting Standards) Rules, 2006 were notified in the Gazette of India dated 7th December 2006. Before this, Accounting Standards issued by the Institute of Chartered Accountants of India were in force in the nature of advisories. At present, 28 Accounting Standards have been notified. Every company registered under the Companies Act, 1956 is required to comply with these Standards.

1.6.3 International Financial Reporting Standards (IFRSs) are considered a "principles based" set of standards in that they establish broad rules as well as dictate specific treatments. There is also a Framework for the Preparation and Presentation of Financial Statements which describes some of the principles underlying IFRSs. The objective of financial statements is to provide information about the financial position, performance and changes in the financial position of an entity that is useful to a wide range of users in making economic decisions, and to provide the current financial status of the entity to its shareholders and public in general.

1.6.4 India has adopted policy of convergence with IFRSs keeping in view the requirements of change and transition necessary to be followed by Indian companies and regulatory bodies. Therefore, the initiative for harmonization of Indian Accounting Standards with the IFRSs has been taken up with the intention of achieving convergence with IFRSs by 2011.

1.6.5 The following Notifications/Circulars/Press Notes have been issued by the Ministry of Corporate Affairs during the period 01.04.2009 to 31.12.2009: -

A. NOTIFICATIONS

Sl. No.	Notification Number.	Date	Subject
(1)	(2)	(3)	(4)
1.	GSR-229 (E)	1.4.2009	The Limited Liability Partnership Rules, 2009.
2	S.O.-903 (E)	2.4.2009	Amendment to the Constitution of National Advisory Committee on Accounting Standards (NACAS).
3.	GSR-251 (E)	15.4.2009	The Companies (Issue of Indian Depository Receipts) (Second Amendment) Rules,2009
4.	GSR-257 (E)	17.4.2009	The Companies (Central Government's) General Rules and Forms (Amendment) Rules, 2009-Revision Forms namely 19, 20, 20A, 44 and 49 effective from 31 st May, 2009.
5.	GSR.-259 (E)	20.4.2009	The Competition Commission of India (Term of the Selection Committee and the manner of the Selection of penal names) Second Amendment Rules, 2009
6.	GSR -260 (E)	20.4.2009	The Competition Appellate Tribunal (Term of the Selection Committee and the manner of Selection of penal of names) Amendment Rules, 2009
7.	GSR-284 (E)	24.4.2009	The Companies (Central Government's) General Rules and Forms (Amendment) Rules, 2009-Revision Forms namely 8, 10, 17 and 61 effective from 19 th July, 2009
8.	S.O.-1323 (E)	22.5.2009	The Limited Liability Partnership Act, 2008 effective from 31.5.2009
9.	S.O.-1324 (E)	22.5.2009	The Limited Liability Partnership Rules, 2009 effective from 31.5.2009.
10.	S.O.-1357 (E)	27.5.2009	Amendment to the Constitution of National Advisory Committee on Accounting Standards (NACAS) vide S.O.-1270 (E) dated 30.5.2008.
11.	GSR- 385 (E)	4.6.2009	The Limited Liability Partnership (Amendment) Rules, 2009
12.	GSR-386 (E)	4.6.2009	Alteration in the second, third and fourth Schedule to the Limited Liability Partnership Act, 2008.
13.	GSR-522 (E)	14.7.2009	Eleven more Nidhi Companies.

14.	GSR-540 (E)	21.7.2009	Authorizing the officers of SFIO for the purposes of filing and conducting prosecution under the Companies Act, 1956
15.	S.O.-1800 (E)	21.7.2009	Constitution of National Advisory Committee on Accounting Standards (NACAS).
16.	GSR-642 (E)	7.9.2009	Amendment to the Companies (Electronic filing and Authentication of documents) Amendment Rules, 2006
17.	GSR-643 (E)	7.9.2009	Amendment to the Companies (Central Government's) General Rules and Forms Rules, 1956- Revising Forms namely 1, 5, 44 and 67
18.	S.O.2276 (E)	7.9.2008	Amendment to the Scheme for filing of Statutory Document and other Transactions by Companies
19.	GSR-649 (E)	8.9.2009	Amendment to the Companies (Central Government's) Rules and Forms Rules, 1956- Revision of Forms namely 24B and 25 A
20.	S.O.-2851 (E)	6.11.2009	Amendment to S.O.-1800 (E) dated 21.7.2009 regarding National Advisory Committee on Accounting Standards (NACAS).
21.	S.O.-3203 (E)	14.12.2009	Amendment to S.O.-1800 (E) dated 21.7.2009 regarding National Advisory Committee on Accounting Standards (NACAS).
22.	S.O.-3314 (E)	31.12.2009	Scheme for filing of Statutory Documents and other Transactions by Companies in Electronic Mode (Amendment) Scheme, 2009

B. GENERAL CIRCULAR

1.	01/2009	16.6.2009	Status of non resident holder of Global Depository Receipts (GDR)- clarification regarding
2.	02/2009	20.7.2009	Action under section 614A (2) of the Companies Act, 1956 – instructions to ROCs

C. PRESS NOTES

1.	01/2009	6.8.2009	Convergence of Indian Accounting Standards with International Financial Reporting Standards (IFRS) - Core Group meeting
2.	02/2009	23.10.2009	Convergence of Indian Accounting Standards with International Financial Reporting Standards (IFRS) - Core Group meeting

D. DEPARTMENTAL CIRCULAR Nil

Competition Commission of India (CCI)

1.7 Office of the Competition Commission of India (CCI) was established on 14th October, 2003. Under the Competition Act, 2002, the Commission is mandated :

- a) To prevent practices having adverse effect on competition
- b) To promote and sustain competition in markets
- c) To protect the interests of consumers, and
- d) To ensure freedom of trade

Monopolies and Restrictive Trade Practices Commission & Director General of Investigation & Registration

1.8.1 The Monopolies and Restrictive Trade Practices Commission (MRTPC), which was a *quasi-judicial* body, established under Section 5 of the MRTP Act, 1969, discharges functions as per the provisions of the Act. The MRTP Act was repealed with effect from 1st September, 2009 and the MRTP Commission stands dissolved with effect from 14th October, 2009.

1.8.2 The Office of the Director General of Investigation & Registration was created in the year 1984 to perform certain statutory functions and duties under the MRTP Act, 1969 for the prohibition of monopolistic, restrictive and unfair trade practices so as to subserve its objective to protect the interests of the consumers in the country. The Government of India has enacted and notified the "The Competition Act, 2002" and repealed the MRTP Act, 1969 w.e.f. 01.9.2009. Thereafter, the Government of India has also notified the Competition (Amendment) Act, 2009 w.e.f 14.10.2009. In terms of the above notifications, all investigations or proceedings pertaining to restrictive trade practices, monopolistic trade practices and unfair trade practices referred to in clause (X) of sub-section

(1) of Section 36A of the MRTP Act, 1969 and pending with the DGI&R stand transferred to the Competition Commission of India and all investigations or proceedings pertaining to unfair trade practices other than those referred to in clause (X) of sub-section (1) of Section 36A of the MRTP Act, 1969 and pending before the DGI&R stand transferred to the Competition Appellate Tribunal.

MCA21 E-Governance Project

1.9.1 The Ministry of Corporate Affairs has implemented MCA21 e-Governance Project. It is one of the Mission Mode Projects of the Government of India under the National e-Governance Plan. The project envisages easy and secure online access to all registry related services provided by the MCA, including registration and filling of documents throughout the country for all the corporates and other stakeholders at any time and in a manner that best suits them. The programme is outcome based and focused on improving the quality of services to various stakeholders concerned with the corporate sector in the country.

1.9.2 Implemented as a Mission Mode Project of the Government of India under National e-Governance Plan (NeGP), MCA21 e-Governance Project focuses on prompt and efficient delivery of services. The project is fully operational from all 20-registry locations. During the year 2009, E-stamping has been introduced in MCA-21 portal itself. The revenue collected by way of stamp duty is remitted to RBI at the end of the week and the RBI remits the same to the respective State Governments on the same day.

Indian Institute of Corporate Affairs

1.10.1 With the phenomenal economic growth, India has become a preferred destination for international investment. Corporate Sector is a major contributor in building up India's brand equity. A need was felt for further facilitating

corporate sector for its accelerated growth. The Ministry of Corporate Affairs has to play a major and active role in this endeavor and has to partner with all stakeholders for this purpose. The Ministry has to increase its capability for catering to the emerging needs of the corporates for their regulation, growth and development.

1.10.2 With a view to achieve above mentioned targets, the Union Cabinet approved the setting up of Indian Institute of Corporate Affairs (IICA) under the auspices of Ministry of Corporate Affairs. IICA will provide institutional support to the Ministry, corporate, professionals, entrepreneurs, shareholders and other stakeholders. The Institute through its state of the art Knowledge Management System and focus on action learning will facilitate today's business and shape tomorrow's.

1.10.3 Vision, Mission and Aims

i) The Vision statement of the IICA, is as follows:

"A holistic think-tank, capacity building, service delivery Institute to help corporate growth, reforms and regulation through synergized Knowledge Management, global partnerships and real time solutions."

ii) Every organisation is formed with a certain mission. The organisation strives to act in consonance with its mission statement. IICA's mission statement is as follows :

"IICA will be a truly world class institute, net-worked with premier national / international institutions / organizations, to act as a think tank on all issues vital for effective functioning of corporates, to evolve and establish a new multi-disciplinary academic stream to be called corporate affairs for corporate professionals and entrepreneurs, and to be a catalyst and delivery mechanism for capacity building amongst all stakeholders."

iii) IICA is unique in its conceptualization because of aims for which it has been set up which are crystallized in following statements :

- a) To redefine the corporate landscape in India for thriving on future shocks, through ethical, sustainable, competitive business strategies, with corporates and government working in partnership for inclusive growth and global footprint.
- b) To provide an institutionalized convergence mechanism for corporates and government to work as partners, for constantly refining and redefining the corporate laws & policy framework and governance and delivery systems, to usher in new business paradigms, and create innovators, ethical entrepreneurs and global business leaders of tomorrow.

1.10.4 Architectural Philosophy

- Enabling understanding of the changing national and global business environment and catalyzing appropriate regulatory and service delivery responses;
- Provide Institutional support to capacity building incorporate regulation and governance through an institution focused on issues relating to corporate and disseminating knowledge to internal and external stakeholders on issues affecting the corporate sector;
- Forging, fostering and catalyzing partnerships between various stakeholders for generating outcomes that resolve emerging business concerns for efficient and legally compliant functioning;
- Ensuring synergy of knowledge and thought and capacity building by setting up Schools in relevant academic discipline and Centres and Forums for interaction and taking up projects etc. in appropriate formats, with outsourcing where necessary;

- Encouraging thought sharing amongst eminent captains of industry, thought leaders etc. through partnerships and national & global networks.

- Provide innovative governance solutions for inclusive growth and entrepreneurial excellence with focus on ethical corporate governance and business management practices.

1.10.5 Objectives

The objectives for institution of IICA are as follows:

- Develop capacity for undertaking holistic study and harmonized treatment of all issues impacting on governance and corporate functioning with a global perspective, and determine priorities for collaborative action in the context of emerging trends and opportunities.
- Set-up a state-of-the-art Knowledge Management (KM) system for constant creation, collation and dissemination of knowledge to internal and external stakeholders on all issues affecting the corporate sector.
- Think-tank to advise Government holistically on all issues impacting on corporate functioning.
- Training and capacity building for officials of the ministry and all stakeholders.
- Platform for the Government, business, academia, professionals, civil society to converge for ongoing up-gradation of corporate governance and functioning.
- Develop and establish a new discipline called 'Corporate Affairs', for holistic treatment and coverage of all subjects involved in, or impacting on, corporate functioning.
- Action research, consultancy, incubation, hand-holding and problem-solving for the corporates and other stakeholders.
- Assisting Ministry of Corporate Affairs and other Central/State Governments in taking e-governance initiatives, including integrated regulation, service delivery and e-security.

Authority Structure of IICA

1.10.6 Indian Institute of Corporate Affairs (IICA) has been set up as a Registered Society under the Ministry of Corporate Affairs. The IICA Society has been registered under the Societies Registration Act, 1860 on 12.9.2008. IICA Society has been set up to establish, manage, maintain and run the IICA. The society is authorized to make Rules and bye-laws for conduct of the affairs of the Institute. It can also receive gifts, grants etc. and acquire/purchase land/property on the behalf of the Institute. It will be liable to maintain accounts, employ personnel, insure against loss/damages.

1.10.7 The authority structure of the society comprises of the following:

- o General Body of the Society.
- o Board of Governors.
- o DG&CEO.

1.10.8 The General Body of the Society will have the function of guiding and mentoring the functioning of the Board of Governors and approve annual plan of the Institute. Besides, it will issue directives to the Board for achievement and furtherance of objectives of the society and will undertake action if Board fails to follow its directives. The Board of Governors of the Society will be responsible for overall functioning of the Institute. The first meeting of the Board of Governors was held on 01-10-2008, second on 02-01-2009, third on 27.02.2009, fourth on 02-04-2009 and the fifth on 11-05-2009. The DG & CEO of the Institute shall be the administrative head of the Institute. Till the appointment of first DG&CEO of the Institute as per the prescribed procedure, Secretary, MCA would be the ex-officio DG & CEO of the Institute.

Partnerships Agreements

1.10.9 IICA is in its early stages of evolution and for its success requires a top level faculty and availability of young minds to take up research and academic activities. In order to achieve that, it needs cooperation and professional partnerships with national and international institutes/organisations. Such partnerships will help in creation of knowledge management data-base of IICA. This could create a two way dynamic system of exchange of ideas, information and modalities for creating new enabling structures and facilitate solving of practical problems. IICA has already entered into agreements with the following:

- Indian Institute of Technology, Kharagpur.
- Intel Technology India Private Limited, Bangalore.
- George Washington University, USA.
- Carnegie Mellon University, USA
- Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) GmbH

1.10.10 IICA is also working in collaboration with the Evian Group at IMD, Lausanne, Switzerland in the area of corporate leadership and inclusive growth.

Activities of IICA

1.10.11 The construction of the campus of IICA at IMT, Manesar is scheduled to finish by February, 2011. However, the functioning of the Institute has started (pending completion of the physical infrastructure) with effect from September 2008 from CGO Complex, Paryavaran Bhawan, with a skeletal staff. The following activities have been undertaken under the aegis of IICA:

Workshops & Round Tables

2008-09

1. IICA-CII-Evian Group initiative on inclusive Growth, and International Conference on 'Globalization, Corporate Leadership and Inclusive Growth' in October 2008.

2. IICA-GWU Moot Court on Cross-border Insolvency in February 2009.

2009-10

1. International Workshop on Cross-Border Insolvency and Developments in the Indian Regulatory Framework – held at New Delhi on April 27-28, 2009.
2. One day Workshop on Investigation Corporate Fraud – held at New Delhi on 20th August, 2009.
3. Two day Workshop on Derivatives Demystified – held at New Delhi on 26-27 October, 2009.
4. Workshop on Derivatives and their implications for Financial Systems – conducted on 2nd December, 2009 for officers of the Department of Financial Services, Government of India.
5. Limited Liability Partnership, Act 2008 and its relevance to SME's.

Training and Capacity Building Programmes

2008-09

1. First re-orientation training of Indian Corporate Law Service (ICLS) officers was held in September, 2008 and the second in July 2009.
2. Second vertically integrated programme for Group 'A' 'B' 'C' ICLS officers was held in March 2009.

2009-10

1. School of Corporate Laws
 - ICLS Training Academy-MCA
 - l) Mid career Reorientation and Training programme for ICLS (initial Capacity building series-one module) – Completed.
 - Professional programmes for ICLS Officers.

- | | |
|---|--|
| I) Programme on Company Law Administration-I Completed | • Forum for Corporate Law and Regulation |
| II) Programme on Company Law Administration-II Completed | • Forum for Competition Law and Policy |
| III) Programme on Company Law Administration-III | • Forum for Business Innovation |
| IV) Professional programme on Inspections and Investigations under Companies Act, 1956 (Scheduled for January 2010) | |
| V) Advanced professional programme on investigations under the Companies Act, 1956 (Scheduled for Feb-March 2010) | |
| VI) Programme on Liquidation and Winding up of Companies (Scheduled for February 2010) | |
| VII) Capacity addition programme for staff in the offices of official Liquidations | |

IICA Site

1.10.13 The IICA campus is being constructed at IMT, Manesar at a cost of Rs. 211 Crore (US \$ 5 million approx.). The funds for the same have been provided in the Plan Outlay. The Institute is being built in an area of 14 acres with the help of National Buildings Construction Corporation Ltd. The Foundation Stone of the Institute Campus has been laid on 10.11.2008 by the Hon'ble Minister of Corporate Affairs. The occasion was graced by Hon'ble Chief Minister of Haryana Shri Bhupinder Singh Hooda as Chief Guest. The construction process has begun at IMT, Manesar w.e.f. Aug 2009 and is expected to be completed within 18 months.

2. School of Competition Laws

- I) Induction Programme for Officers of CCI – Completed
- II) Advanced Professional Programme for competition Commission of India – in progress

1.10.14 The Campus will be in form of state of the art building for the Institute and when completed will be cynosure of eyes of onlookers. The campus itself will give sense of high esteem to those associated with it. The Campus will provide for residential needs of faculty, administrative staff as well as visiting faculty. It will also have hostel facility for trainees. Ultra modern seminar halls and conference rooms will be constructed for the benefit of the stakeholders. The Campus will be suitably green considering the environmental concerns.

Forums of IICA

1.10.12 IICA has constituted following forums for discussion and interaction on issues having a bearing on corporate responsibility, regulation and public policy :

- Forum for Micro, Small and Medium Enterprises
- Forum for Responsible Corporate Governance
- Forum for Corporate Social Responsibility
- Forum for Financial Reporting and Disclosures
- Forum for Corporate Rescue and Insolvency

Infrastructure Section

- 1.11** Infrastructure section is looking after the following items of work:
- (i) Purchase of land and buildings for the Ministry and its field office.
 - (ii) Capital works for construction/renovation/maintenance of all buildings (old and new) for the Ministry and its field offices.

-
-
- (iii) Finalization of Agreements for hiring of buildings on rent at the Headquarters and field locations.

Special Measures to Protect Interests of Investors

1.12.1 Protection of interest of investors is a commitment of the Government in the National Common Minimum Programme (NCMP). Highlights of recent initiatives taken by the Ministry in this regard are:

- Investors complaints to be acknowledged within 48 hours and to be attended to on highest priority. Progress to be monitored closely;
- Investors Protection Cells opened and made functional not only at the level of the Ministry but also in the offices of Regional Directors and Registrar of Companies and Nodal Officers appointed with their names & addresses (with contact numbers) placed on website of the Ministry and also published in all leading newspapers;
- On-line Investors Grievances Redressal System introduced and made functional;
- Field officers directed to encourage Non-Government Organisations (NGOs) at the local level to take up investor protection programmes;

1.12.2 As a long term initiative, comprehensive review of the existing Companies Act has been taken-up with a view to bringing the law in tune with changing business models and national and global economic scenario.

Investor Education and Protection Fund

1.13.1 The Ministry of Corporate Affairs has established the Investor Education and Protection Fund (IEPF) under the provisions of Section 205

C of the Companies Act, 1956 with the objectives of promoting investor awareness and protecting their interests. Under this initiative, the Ministry while promoting the concept of prudent & informed investment decision making, also provides services related to making available informational and educational content for investors, investor grievance redressal and technical/ financial assistance to organizations engaged in investor education activities. The activities undertaken through the aegis of IEPF include the following:-

- Providing (simple user friendly) educational and awareness content to all the investors through the website www.iepf.gov.in.
- Providing the material Registry of economic offenders through the website www.watchoutinvestor.com which covers all entities who have been found to be guilty under different economic laws of the country.
- Providing online investor grievance redressal facility through the website www.investorhelpline.com.
- Undertaking investor awareness programmes in partnership with Institute of Chartered Accountants of India, Institute of Company Secretaries of India, Institute of Cost and Works Accountants of India specifically targeting investors in tier II and tier III cities.
- Providing technical/ financial assistance to voluntary organizations for undertaking investor awareness related activities.
- Undertaking multi-lingual media campaigns to reach out to investor across the country.

1.13.2 ICSI, ICAI and ICWAI have been released an amount of Rs. 20 Lakh each for organizing 40 investor awareness programmes across the country by each institute during 2009-2010.

1.13.3 The number of registered NGO's under IEPF have increased from 69 to 100 upto December, 2009.

1.13.4 Series of advertisements on investor education and awareness were issued in national as well as regional language newspapers in the month of December, 2009.

National Foundation for Corporate Governance

1.14.1 Ministry of Corporate Affairs has set up National Foundation for Corporate Governance (NFCG) as a not-for-profit Trust to provide a platform to deliberate issues relating to good corporate governance and to sensitize corporate leaders on the importance of good corporate governance practices, to facilitate exchange of experiences and ideas between corporate leaders, policy makers, regulators, law enforcing agencies and non-government organizations.

1.14.2 The NFCG has a three-tier structure for its management, viz., the Governing Council under the Chairmanship of Ministry for Corporate Affairs, the Board of Trustees and the Executive Directorate.

1.14.3 The NFCG has been sponsoring orientation programmes for Directors through the various Institutes of Excellence and has been organizing seminars and conferences to propagate the need for following good corporate governance practices.

1.14.4 Over the last few years, NFCG has undertaken various initiatives to create awareness about the importance of implementing good corporate governance practices both at the level of individual corporations and for the economy as a whole. Following are some of the initiatives undertaken by the NFCG during the year 2009:-

- National Moot Court Competition was organized on April 10-12,2009 at Hyderabad.
- Series on Translating Governance ideologies & Legal Function as Business Enablers was organized on April 18,2009 at Chennai.
- Round table on Excellence in Corporate Governance – Showcasing Corporate Governance Best Practices by Medium sized family managed Companies was organized on April 27,2009 at Mumbai.

- Faculty Development Programme in Corporate Governance and Responsibility was organized on May 25-30, 2009 at Bangalore.
- International Conference on Global Economic Recession and Corporate Governance was organized on June 23,2009 at London (UK)
- Special interaction with Mr. Salman Khurshid, Minister for Corporate Affairs & Minority Affairs & Round Table on Corporate Governance was organized on July 4,2009 at New Delhi.
- Corporate Governance in SMEs was organized on August 8,2009 at Nashik.
- International Conference on Convergences of Corporate Governance Norms was organized on September 5-6,2009 at Kolkata.
- Seminar on Corporate Compliance Management was organized on September 6,2009 at Indore.
- Convention on Corporate Risk Management Systems and Business Ethics was organized on September 26,2009 at Lucknow.
- IFRS Summit was organized on November 25,2009 at New Delhi.
- 4th Sustainability Summit Asia 2009 was organized on November 25- 26,2009 at New Delhi.
- National Seminars on Corporate Governance was organized on 28th November, 2009 at Coimbatore
- International Financial Reporting Standards (IFRS) was organized on November 28,2009 at Kolkata.
- Organized “India Corporate Week” from December 14 – 21, 2009 with the objective to enlighten the public about the processes, structures and practices in place to protect the interest of the stakeholders in the current market and simultaneously encourage the shareholders to join the Governance process. The concluding function was held at Vigyan Bhawan, New Delhi on 21-12-2009 where H.E. the President of India was the Chief Guest. The Awards of Excellence were presented to the following organizations by the Hon’ble President:

- (a) Institute of Chartered Accountants of India
- (b) Institute of Company Secretaries of India
- (c) Institute of Cost and Works Accountants of India
- (d) Confederation of Indian Industry
- (e) ASSOCHAM
- (f) FICCI

1.14.5 Further, one book titled “Report on Corporate Affairs” and two compilation titled “Voluntary Guidelines on Corporate Governance” and “Voluntary Guidelines on CSR” were also released on this occasion.

Serious Fraud Investigation Office (SFIO)

1.15.1 Serious Fraud Investigation Office (SFIO) has been set up by the Government of India in the Ministry of Corporate Affairs by way of a resolution dated 2.7.2003 after it was approved by the Cabinet vide its note dated 9.1.2003. This office was set up after considering the recommendation of the Naresh Chandra Committee to investigate corporate frauds of serious and complex nature on the line of Serious Fraud Office, United Kingdom.

1.15.2 The SFIO is a multi-disciplinary Investigating Agency, wherein experts from banking sector, capital market, company law, law, forensic audit, taxation, information technology etc. work together to unravel a corporate fraud. At present, SFIO is carrying out investigation under provisions of the Companies Act, 1956 from Sections 235 to 247. However, as approved by the Cabinet, a separate legislation would be enacted for SFIO in second phase to provide adequate powers and reach to this organization. For this purpose, Vepa Kamesam Committee set up by Ministry of Corporate Affairs to look into the issue related to SFIO and make suitable recommendation has already submitted the report in April 2009. The recommendations of the Committee are under examination in Ministry of Corporate Affairs.

1.15.3 SFIO is headed by a Director as Head of the Department. He is of the rank of Jt. Secretary to the Government of India. The Director is assisted by Addl. Directors/Jt. Directors and Sr. Assistant Directors/Assistant Directors, who form teams for investigation of a case. The Head Office of SFIO is at Delhi and there is one Branch Office in Mumbai.

1.15.4 During the period from 1st April, 2009 to 31st December, 2009, 5 cases were entrusted to officers drawn from the SFIO for investigation u/s 235/237 of the Companies Act, 1956. So far, in all, 71 cases have been referred to officers drawn from the SFIO for investigation. The inspectors have already submitted investigation reports in 47 cases till 31.12.2009, two cases have been either stayed or dismissed by Courts and the remaining 22 cases are under investigation. During the period from 01.04.2009 to 31.12.2009 the eleven investigation reports have been submitted to the Government.

1.15.5 Till 31.12.2009, 774 cases of prosecution have already been filed in the different Courts against the persons involved in fraudulent activities in the companies.

Ministry’s Web Site

1.16.1 With the introduction of MCA21 e-Governance Project, the Ministry has launched a new portal www.mca.gov.in. The portal serves as a virtual window for authentic information pertaining to activities and programme of the Ministry. Besides being an informative portal, it serves as virtual front office for availing all registry related MCA services. Some of the major contents of the website are as follows:

1. Information relating to the Ministry’s officers and its field operations is given in the section titled ‘About Us’.
2. Acts, Bills, Rules, Circulars, Notification, Guidelines etc. are detailed under the Section ‘Acts, Bills & Rules’.
3. Under the Section ‘Information’, Concept paper, IEPF, Nidhi companies, Press release and details of Vanishing and defaulting companies are given as drop-down.

4. The Ministry's present and past Annual Report, Statement of Receipts &

Disbursement, Statement of Scheme-wise expenditure are provided under the Section 'Reports & Statistics'.



5. Details of Corporate under categories such as 'Nidhi Companies', 'Section 25 Companies etc. are provided in a Drop Box under the section "Information & Reports"

1.16.3 A map of India, with locations of Registrar of Companies is given on the left side of the home page, below the vision. By pointing cursor at the desired location, one can immediately see details of ROC such as address, phone nos., fax and email id.

6. Information regarding Investors' services is provided at two places – firstly, in the Drop Box under 'Information & Reports' under the heading 'IEPF' and secondly, on the top right hand corner of the website under the icon 'IEPF'. This icon is a link to the website "www.iepf.gov.in".

1.16.4 For accessing MCA21 portal, one has to go to the top right hand corner of the website. There by clicking on the icon 'MCA21 services', one goes into the MCA21 portal, wherein one can select the services required such as Digital Signature, e-filing, DIN etc. The left side of MCA21 portal gives facility of downloading e-form, tracking transaction/payment status, accessing public documents, investor grievances, regulatory services etc.

1.16.2 The Ministry's vision is given on the left side of the home page of the website.

1.16.5 Important links such as e-stamp, authorized banks, certified filing centers, facilitation centers, software for e-filing etc. are given on the right side of the portal, below login & New User Registration.

1.16.6 Details of Affiliated offices are available as a drop down menu on homepage under the heading 'Affiliated offices'. This list includes Serious Fraud Investigation Organisation (SFIO), Competition Commission of India (CCI), Company Law Board (CLB), Official Liquidator (OL), Monopolies and Restrictive Trade Practices Commission (MRTPC), Director General of Investigation & Registration (DGI&R), and Cost and Audit Branch (CAB).

1.16.7 The Ministry's present and past Annual Reports, as well as Annual Report on working and administration of Companies Act, 1956 are available on home page under the heading 'Information & Reports' by clicking 'Annual Reports' in the drop down menu.

1.16.8 Other reports such as Statement of Receipts & Disbursements, Statements of scheme-wise expenditure are provided under 'Information & Reports' under the drop down menu item 'other reports'.

1.16.9 Right to Information Act, 2005 is a very important Act of the Government of India which empowers the citizens by allowing them access to information relating to working of the Government. In order to comply with this Act in letter and spirit, a special section 'Right to Information' has been provided on the homepage of the website. This website gives the details required for citizens such as name, address and contact nos. of Central Public Information Officer of the Ministry and also First Appellate Authority in the Ministry for the purpose of RTI Act. Landmark orders of the Ministry and Central Information Commission (CIC) under RTI Act, 2005 pertaining to the Ministry are available under this section.

1.16.10 Important links pertaining to Institute of Chartered Accountants of India (ICAI), Institute of Company Secretaries of India (ICSI), Institute of Cost and Works Accountants of India (ICWAI), Serious Fraud Investigation Organisation (SFIO),

Competition Commission of India (CCI), Indian Institute of Corporate Affairs (IICA), National Foundation for Corporate Governance (NFCG), Watch out Investors, Investor's Helpline are given on the bottom of the homepage of the Website.

Citizen's Charter of the Ministry

1.17 The Citizen's Charter of the Ministry of Corporate Affairs is available on Ministry's website. The commitments, expectations and standards stated in the Charter are given below:

Citizen's Charter

"OUR COMMITMENT

WE SHALL CARRY OUT OUR TASKS WITH

integrity and judiciousness
courtesy and understanding,
objectivity and transparency
promptness and efficiency

OUR EXPECTATIONS

We expect the corporate sector to be prompt and reasonable in fulfilling their duties and legal obligations and be true and honest in furnishing information to us.

OUR STANDARDS

WE SHALL

- Acknowledge applications, returns and all communications within 7 days of their receipt.
- Resolve expeditiously complaints regarding delay in issue of allotment letters & share/debenture certificates, refund of application money, delay in transfer of shares & non payment of dividends/interest on shares/debentures/fixed deposits etc. in close co-ordination with agencies.
- Ensure that all applications submitted to the Ministry of Corporate Affairs, Regional Directors and Registrar of Companies, are processed within the time frame.
- Be courteous, prompt, effective & provide time bound services.
- All services shall be provided without charge or demanding any money other than remuneration prescribed by law."

CHAPTER - II

ORGANISATIONAL SET UP AND FUNCTIONS

Organisational Set-up

2.1.1 The Ministry has a three tier organisational set-up for administration of the Companies Act, 1956 namely, the Secretariat at New Delhi, the Regional Directors at Mumbai, Kolkata, Chennai and Noida (U.P.) and 20 offices of Registrars of Companies (ROCs) in States and Union Territories. 19 offices of the Official Liquidators who are attached to various High Courts functioning in the country are also under the overall administrative control of the Ministry. A brief description of the above offices/establishments is given in the following paragraphs.

A. Headquarters

2.1.2 The set-up at the Headquarters includes one Secretary, one Special Secretary, two Joint Secretaries, an Economic Adviser, one Cost Adviser, two Directors of Inspection and Investigation and other officials providing expertise on legal, accounting, economic and statistical matters. The list of names and telephone numbers of the Minister's office and officials of the Ministry is given at **Annexure-I**.

B. Regional Directors

2.1.3 The four Regional Directors are in-charge of the respective regions, each region comprising a number of States and Union Territories. They supervise the working of the offices of the Registrars of Companies and the Official Liquidators working in their regions. They also maintain liaison between the respective State Governments and the Central Government in matters relating to the administration of the Companies Act, 1956. Certain powers of the Central Government under the Companies Act have been delegated to the Regional Directors. They have also been declared as Heads of

Department. There is an Inspection Unit attached to the office of every Regional Director for carrying out the inspection of the books of accounts of companies under Section 209 A of the Companies Act, 1956.

C. Registrars of Companies

2.1.4 Registrars of Companies (ROCs) appointed under Section 609 of the Companies Act, 1956 covering various States and Union Territories are vested with the primary duty of registering companies floated in the respective States and the Union Territories and ensuring that such companies comply with statutory requirements under the Act. These offices function as registry of records, relating to the companies registered with them, which are available for inspection by members of the public on payment of the prescribed fee. The Central Government exercises administrative control over these offices through the respective Regional Directors.

D. Official Liquidators

2.1.5 The Official Liquidators are officers appointed by the Central Government under Section 448 of the Companies Act, 1956 and are attached to various jurisdictional High Courts. The Official Liquidators are under the administrative charge of the respective Regional Directors, who supervise their functioning on behalf of the Central Government. In the conduct of winding-up of affairs of the companies, however, Official Liquidators act under the directions and supervision of the High Courts. At the same time, the Central Government have the responsibility under Section 463 of the Companies Act, 1956 of exercising overall control over the Official Liquidators to ensure that they faithfully perform their duties and duly observe all the requirements imposed on them under the Act or the Rules there-under.

2.1.6 The duties and powers of the Official Liquidator as laid down in section 457 of the Companies Act, 1956 are mainly of, filing of claims against the debtors for realization of the debts due to the company, sale of movable and immovable assets of the company taken possession by the Official Liquidator to institute criminal complaints and misfeasance proceedings against the former Directors of the company for their acts and omissions and breach of trust, invitation of claims from the creditors, adjudication of claims and settlement of list of creditors, payment to creditors by way of dividend and settlement of list of contributories wherever necessary, and payment of return of capital where the company's assets exceeded its liability and finally dissolve the company under section 481 of the Companies Act, 1956.

2.1.7 In addition to the offices mentioned above, the Ministry is also responsible, as a Nodal Ministry, for the functioning of a number of attached/subordinate offices such as the Company Law Board, the MRTPC, office of DGI&R (under MRTP Act), Competition Commission of India, Serious Frauds Investigation Office (SFIO). It is also engaged in addressing issues relating to the institutional structure consisting of the National Company Law Appellate Tribunal (NCLAT) and the National Company Law Tribunal (NCLT), envisaged to be set up in pursuance of the Companies (Second) Amendment Act, 2002.

2.1.8 The list of Regional Directors, Registrar of Companies and Official Liquidators along with their web addresses, is given at **Annexure-II**. The organisational chart of the Ministry is given in **Annexure –III**, and the major functionaries in **Annexure IV**.

Company Law Board

2.2 Company Law Board functions as an independent, quasi judicial body created under the Act of Parliament. It derives its power under section 10E of the Companies Act, 1956. It became functional on 31/5/1991. The Company Law Board being a quasi judicial body has framed

its own regulations. The Company Law Board Regulations, 1991 prescribes the procedure for filing the applications/petitions before it. To smoothen the functions of Company Law Board, the Central Government has also prescribed the fees for making application/petitions before the Company Law Board under the Company Law Board (Fees on Applications and Petitions) Rules 1991. The Board has its Principal Bench at New Delhi and Regional Benches at New Delhi, Kolkata, Mumbai and Chennai.

The Monopolies and Restrictive Trade Practices Commission

2.3 The Monopolies and Restrictive Trade Practices Commission (MRTPC), which is a quasi-judicial body, is an attached statutory office of the Ministry. The MRTP Commission established under Section 5 of the Monopolies and Restrictive Trade Practices Act, 1969, discharged functions as per the provisions of the Act. The main function of the MRTP Commission was to enquire into and take appropriate action in respect of unfair trade practices and restrictive trade practices. In regard to monopolistic trade practices, the Commission was empowered under Section 10(b) to enquire into such practices (i) upon a reference made to it by the Central Government or (ii) upon its own knowledge or information and submit its findings to Central Government for further action. MRTP Act has been repealed with effect from 1st September, 2009 and the MRTP Commission stands dissolved with effect from 14th October, 2009

Director General of Investigation and Registration

2.4.1 The Office of the Director General of Investigation & Registration was created in the year 1984 to perform certain statutory functions and duties under the MRTP Act, 1969 for the prohibition of monopolistic, restrictive and unfair trade practices so as to subserve its objective to protect the interests of the consumers in the country. The Government of India has enacted and notified the "The Competition Act, 2002" and

repealed the MRTP Act, 1969 w.e.f. 01.9.2009. Thereafter, the Government of India has also notified the Competition (Amendment) Act, 2009 w.e.f. 14.10.2009. In terms of the above notifications, all investigations or proceedings pertaining to restrictive trade practices, monopolistic trade practices and unfair trade practices referred to in clause (X) of sub-section (1) of Section 36A of the MRTP Act, 1969 and pending with the DGI&R stand transferred to the Competition Commission of India and all investigations or proceedings pertaining to unfair trade practices other than those referred to in clause (X) of sub-section (1) of Section 36A of the MRTP Act, 1969 and pending before the DGI&R stand transferred to the Competition Appellate Tribunal.

Competition Commission of India

2.5.1 Office of the Competition Commission of India (CCI) was established on 14th October, 2003. Under the Competition Act, 2002, the Commission is mandated:

- a) To prevent practices having adverse effect on competition
- b) To promote and sustain competition in markets
- c) To protect the interests of consumers, and
- d) To ensure freedom of trade

2.5.2 Consequent upon a challenge to certain provisions of the Act and the observations of the Hon'ble Supreme Court, the Act was amended by the Competition (Amendment) Act, 2007.

2.5.3 Various activities undertaken by the Commission during the period are highlighted below:

(a) Operationalisation of the Competition Commission of India

The Commission was duly constituted w.e.f. 1.3.2009 with the assumption of charge by Shri Dhanendra Kumar as Chairperson and two other Members. Subsequently four more Members

joined the Commission. Now, the Commission consists of a Chairperson and six Members.

(b) Research Studies

With the objective to gain insight into the structure of major sectors of the Indian economy and also as a part of capacity building, the Commission has been undertaking various research projects/studies in the area of competition policy, economics and competition law since 2003-04. Out of 18 studies, 17 have already been completed and one is under finalization. While 11 studies were sector specific, covering the manufacturing sector, in general and the cement, tyre, pesticides, paints sectors in particular; the service sectors like road transport – both passenger and goods; energy sector, covering electricity, oil, gas and coal; and the telecommunications sector. The remaining studies relate to conceptual issues in competition economics, law and policy covering competition policy provisions in bilateral free trade agreements, cartel case laws, interface between CCI and sectoral regulators and competition compliance programmes for enterprises, Intellectual Property Rights (IPRs) and Competition Law; Anti-dumping and Competition Law; and Competition Issues in Concession Agreements in Infrastructure Sectors.

The completed studies have been circulated to the concerned ministries/departments and also to the state governments. Simultaneously, these reports have also been put on the website of the Commission (www.cci.gov.in).

(c) Seminars/Workshops

With the objective of developing research capability in the area of competition economics, law and policy among the Indian research community, the Commission organized a National Conference on the 'State of Competition in the Indian Economy' on 11-12 June, 2009 in New Delhi wherein besides presentations on studies on competition issues in major sector of the Indian economy, eminent experts from India and abroad delivered lectures on the various competition related issues.

As part of competition advocacy, CCI organized a one day National Conference on “Competition, Public Policy and Common Man” on November 16, 2009 in New Delhi. The focus of the Conference was to explore the linkages between competition, public policy and the needs of the common man and defining the potential of competition regulation as a catalyst for benefiting the common man across sectors. Relevant functionaries of the Government, leaders of industry and international experts had participated in the event.

A business Session on “Competition Policy and Law” was also organized on 17th November, 2009, where experts from various international competition agencies like European Commission, Office of Fair Trading, US, US Department of Justice, Australia, Italian Competition Authority, etc, were invited to share their experiences with CCI officials and other select invitees from various Government Departments, etc.

A Seminar was held on 23rd November, 2009 on “Way forward for CCI: Drawing on International Experience” in collaboration with OECD. Experts from OECD and Head, Competition Authority of

Mexico shared their experience with the Commission members and other officers and gave suggestions regarding future course of action for CCI as a Competition Authority.

With the objective to ensure better value for money by introducing right elements of competitiveness, in the tender design and procedures in the light of internationally accepted best practices, a Seminar on “Public Procurement Reforms for Better Value for Money : Learning from International Experience” in collaboration with George Washington University Law School (GWULS), Washington D.C. was organized on 15th December, 2009 where apart from CCI officials, other select invitees from various Government Departments participated.

CCI prepared two papers in “Application of anti-trust law to SOE” and “Generic Pharmaceutical” which were presented by Dr. Geeta Gouri, Member, CCI during the meeting of OECD Competition Committee held at Paris from October 19-22, 2009.

Apart from the above, CCI organized the following conferences under the auspices of the different High Courts:-

Sl.No.	High Court/Date of Seminar	Topic of the Seminar
(1)	(2)	(3)
(i)	Orissa High Court, Cuttack (22 nd June, 2009).	‘Competition Law: Challenges and Answers’.
(ii)	Kerala High Court, Kochi (8 th Aug. 2009).	‘Public Awareness Programme on Competition Law: Challenges and Answers’.
(iii)	Kerala High Court, Calicut (9 TH Aug. 2009)	‘Public Awareness Programme on Competition Law: Challenges and Answers’.
(iv)	Andhra Pradesh High Court, Hyderabad (with Babul Reddy Foundation) (3 rd October, 2009)	‘Competition Law: Development of Trade & Industry’.
(v)	Punjab and Haryana High Court, Chandigarh (7 th November, 2009).	‘Competition Law and its Enforcement’

(d) Regulations

The Competition Act, 2002 authorizes the Commission to make Regulations to carry out the purpose of the Act. During the period under report, the following Regulation were framed and came into force: -

- (i) The Competition Commission of India (General) Regulations, 2009 Dated 21st May, 2009 (further amended on 20th August, 2009).
- (ii) The Competition Commission of India (Determination of Cost of Production) Regulation, 2009 Dated 20th August, 2009.
- (iii) The Competition Commission of India (Lesser Penalty) Regulations, 2009 dated 13th August, 2009.
- (iv) The Competition Commission of India (Meeting for Transaction of Business) Regulation, 2009 Dated 21st May, 2009.
- (v) The Competition Commission of India (Procedure for Engagement of Experts and Professionals) Regulation, 2009 Dated 15th May, 2009.

Sections 3 & 4 of the Competition Act, 2002 relating to anti-competitive agreements and abuse of dominant position have been notified by the Government for enforcement w.e.f. 20th May, 2009.

Subsequent to enforcement of Sections 3 & 4 of the Competition Act, 2002 regarding prohibition of anti-competitive agreements and abuse of dominant position respectively, 16 cases have been received under Section 19(1) of the Competition Act which are at various stages of examination/consideration of the Commission. Out of these 16 cases, 7 cases were referred to Director General, CCI, who have so far submitted its Report on four cases which are now being considered by the Commission.

(e) Capacity Building

i) Induction Training Programme : An induction training programme was organized for officials of CCI at Indian Institute of Corporate Affairs (IICA) during July 15-28, 2009.

ii) Workshop : A Special Wordshop on Anti-trust, Cartels and Combination issues was organized by a Legal Expert from European Union, Ms. Priya Christain during September 7-11, 2009 for use of officials of CCI.

iii) Advanced Professional Programme : An advanced professional programme for CCI Officials have been designed jointly by CCI (through IICA) and Office of the Director General (Competition), European Union. The module in India was organized by IICA during September 22-26, 2009. 18 officers attended the module in India. 3 modules in Brussels of the programme were held during September 28, 2009 to October 2, 2009 which was attended by six officials of CCI. More officers will attend the module in Brussels in the coming months.

(f) Funds allocated to the Commission

In terms of Section 51(1) of the Competition Act, 2002, 'Competition Commission of India (Competition Fund) Account' has been set up wherein all the Grants received from Govt. of India, Fees and Interest on the accumulated account is credited to meet the day to day expenditure of the Commission. As envisaged under the Section 51(3) of the Competition Act, a Fund Administering Committee (FAC) comprising two Members of the Commission has been constituted by the Chairperson. The accounts of the Commission are being maintained as per 'The Competition Commission of India (Form of Annual Statement of Accounts) Rules, 2009 notified by the Government of India.

2.5.4 The Budget and actual expenditure incurred by CCI during 2008-09 and 2009-10 (up to 31st December, 2009) is as follows:

(Rs. in crore)

Sl.No.	Year	Budget Estimate	Revised Estimate	Actual Expenditure
(1)	(2)	(3)	(4)	(5)
1.	2008-09	10.00	3.49	3.49
2.	2009-10	20.00	19.00	6.36 (up to 31.12.2009)

Serious Fraud Investigation Office (SFIO)

2.6.1 The SFIO is a multi-disciplinary Investigating Agency, wherein experts from banking sector, capital market, company law, law, forensic audit, taxation, information technology etc. work together to unravel a corporate fraud. At present, SFIO is carrying out investigation under provisions of the Companies Act, 1956 from Sections 235 to 247. However, as approved by the Cabinet, a separate legislation would be enacted for SFIO in second phase to provide adequate powers and reach to this organization. For this purpose, Vepa Kamesam Committee set up by Ministry of Corporate Affairs to look into the issue related to SFIO and make suitable recommendation has already submitted the report in April 2009. The recommendations of the Committee are under examination in Ministry of Corporate Affairs.

2.6.2 SFIO takes up investigation of corporate frauds characterized by (a) complexity, and having inter-departmental and multi-disciplinary ramifications, (b) substantial involvement of public interest to be judged by size, either in terms of monetary misappropriation, or in terms of persons affected; and (c) the possibility of investigations leading to, or contributing towards, a clear improvement in systems, laws or procedures

2.6.3 SFIO is headed by a Director as Head of the Department. He is of the rank of Jt. Secretary to the Government of India. The Director is assisted by Addl. Directors/ Jt. Directors and Sr. Assistant Directors /Assistant Directors, who form teams for investigation of a case. The Head Office of SFIO is at Delhi and there is one Branch Office in Mumbai.

2.6.4 The SFIO was restructured during Feb-March 2009 and fresh vacancies at various levels created. At present, there are 18 sanctioned posts of Additional/Joint Director, 8 posts of Deputy Directors and 59 posts of Sr Assistant/Assistant Directors. Out of these posts, one post of Addl./ Jt. Director and 4 posts of Sr. Assistant Director/ Assistant Directors are sanctioned for Mumbai Branch Office. Whenever any case is referred by the Ministry for investigation u/s 235 or 237 of the Companies Act, teams of officers taken from various fields are formed headed by an Addl./ Jt. Director to investigate that particular case and submit the report to the Ministry. After submission of the report, prosecutions are sanctioned by the Ministry and thereafter as per the sanction accorded by the Ministry, prosecutions are filed by SFIO in the competent courts.

Infrastructure Section

2.7.1 Infrastructure Section has been playing a vital role towards providing better infrastructure to field offices of the Ministry by acquiring land, constructing buildings on the purchased land, purchasing built up office space and renovating and furnishing of these built up office space to give face lift. During the period from 01.04.2009 to 31.12.2009, this Section had achieved the following goals:

- (i) The office space allotted by the Ministry of Urban Development at Paryavaran Bhawan has been renovated and Company Law Bard has started functioning from the space.
- (ii) The Ministry is in the process of renovation of office space purchased

- on lease hold basis from Allahabad Development Authority for the office of Official Liquidator, Allahabad.
- (iii) The offices of Registrar of Companies and Official Liquidator have started functioning from the Corporate Bhawan, Jaipur owned by the Ministry and the Ministry is in the process of settlement of accounts and close the contract.
 - (iv) The offices of Registrar of Companies and Official Liquidator, Chandigarh have started functioning from the Corporate Bhawan at Chandigarh owned by the Ministry.
 - (v) The construction of Corporate Bhawan at Cuttack is likely to be completed by 31.03.2010.
 - (vi) Office space at 19th floor, Jawahar Vyapar Bhawan, Tolstoy Marg, New Delhi owned by the State Trading Corporation of India Ltd., a Governemnt of India Enterprise, has been taken on lease rent for housing the Competition Appellate Tribunal Bench.
 - (vii) A land measuring 2 acres has been acquired from Geological Survey of India for construction of Corporate Bhawan at Hyderabad. CPWD has been engaged to construct the building. Necessary funds are being transferred to CPWD for construction of boundary wall of the office complex.

Cost Audit Branch

2.8 Cost Audit Branch under the Ministry of Corporate Affairs is manned by professionals drawn from the Indian Cost Accounts Service (ICAS) and primarily deals with sections 209 (1) (d) and 233B of the Companies Act, 1956. The Branch, under section 209 (1) (d) formulates & notifies Cost Accounting Records Rules (CARRs) for various industries/products. Such rules

prescribe the manner in which cost records are to be maintained by specified class of companies. The Branch also undertakes rationalization of existing CARRs to reflect the changes in technology, manufacturing processes and accounting standards. Under section 233B, orders are issued to individual companies for conducting cost audit of cost records in accordance to Cost Audit Report Rules from a Cost Auditor appointed by the Board of Directors with the prior approval of the Ministry.

RTI Monitoring Cell

2.9.1 The RTI Monitoring Cell was set up in the Ministry of Corporate Affairs (MCA) w.e.f. 05.10.2005 to keep a record of all the requests for information received from various persons and to monitor the progress in processing/ final disposal of such requests under RTI Act, 2005 within the prescribed time limit.

2.9.2 In terms of the provisions of RTI Act, 2005, CPIOs and Appellate Authorities have been designated for the Ministry and all its field/ attached/ subordinate offices.

2.9.3 As per the information furnished to the Central Information Commission (CIC) under Section 25(3) of the Right to Information Act, 2005 for the period from 01.04.2008 to 31.03.2009, a total 3036 applications and Rs.38578/- as application fees were received by the Ministry and all its field/ attached/ subordinate offices under RTI Act, 2005. Out of these, 17 Appeals were referred to Central Information Commission (CIC) for review.

2.9.4 Other functions of the Coordination Section pertaining to Monitoring Cell of RTI include:-

- a. Maintaining updated information in the Website of MCA on all matters pertaining to RTI as required by the RTI Act, 2005.
- b. Providing regular and updated information/ report to CIC on the progress in implementation of RTI by MCA.
- c. Wide circulation in MCA of all Office Orders/Circulars of the CIC and

Department of Personnel & Training on matters relating to RTI Act, 2005.

- d. To ensure overall effective monitoring of the implementation of RTI Act related issues under the purview of MCA.

Gender Budget Cell

2.10.1 Ministry of Corporate Affairs (MCA) has set up a Gender Budget Cell (GBC) with the objective of facilitating the integration of gender analysis into the Government budgeting. The GBC of MCA has initiated steps to build up information/ database system on the gender representation in MCA, various branches of the Ministry as well as field offices, attached offices and professional institutes. The GBC in MCA aims to help accelerate the growing awareness of the gender sensitivities of budgetary allocation while appreciating how corporate sector oriented policies impact issues of equity and empowerment of women.

2.10.2 A follow-up workshop on Gender Budgeting was organised by Ministry of Women

and Child Development (MWCD) for Central Government Ministries/Departments on 14.10.2009. A draft monitoring format has been developed by Ministry of Women and Child Development. The comments from all concerned are being sought on the draft monitoring format for practical utility and implementation.

National Company Law Tribunal (NCLT)/ National Company Law Appellate Tribunal (NCLAT)

2.11 The National Company Law Tribunal (NCLT) and the National Company Law Appellate (NCLAT) have not been constituted as yet since the Companies (Second) Amendment Act, 2002 relating to setting up of the NCLT/NCLAT faced a legal challenge and the matter is subjudice on account of a Special Leave Petition (SLP) filed by the Central Government in the Supreme Court, following a ruling by the Madras High Court in the matter. One constitutional Bench of Supreme Court of India has concluded the hearing on 28.2.2009 and the matter has been reserved for orders. The judgement is awaited.

CHAPTER – III

THE COMPANIES ACT, 1956 AND ITS ADMINISTRATION

3.1 Companies play very vital role in any economy. In our country, the Companies Act, 1956 primarily regulates the range of activities from formation to liquidation and winding up of companies. The Act prescribes regulatory framework for various aspects including organisational, financial and managerial aspects of companies. The winding up matters, presently are largely within jurisdiction of High Courts. Regulation of the corporate governance, structure and obligations of companies towards their stakeholders, statutory disclosure obligations, powers of inspection, investigation and enforcement and company processes such as mergers/ amalgamations/ arrangements/ Reconstructions etc., constitute the main focus of the Act. In the functioning of corporate sector, alongwith freedom of operation of companies, protection of investors and shareholders are considered equally important. The Companies Act enables a statutory platform for essential Corporate Governance requirements essential for functioning of the companies with transparency and accountability, recognizing and protecting the interests of various stakeholders. The main objects of the Act are summarized as under:-

- (a) To enable the interests of the shareholders, to be protected through articulation of shareholders democracy;
- (b) To safeguard the interests of other stakeholders such as creditors, financial institutions etc through appropriate disclosures.;
- (c) To provide a framework for regulation of processes of companies including mergers/ amalgamation etc; and
- (d) To enable the Government with adequate powers of enforcement of the law in public interest and as per procedure prescribed by law so that the interests of

all stakeholders may be protected from unscrupulous management.

These objectives are achieved through measures as explained in the following paragraphs.

Regulation of Companies

3.2.1 The Companies Act, 1956 besides providing for processes relating to incorporation, governance and liquidation/ winding up, empowers the Central Government to inspect the books of accounts of a company, to direct special audit, to order investigation into the affairs of a company and to launch prosecution for violation of the Companies Act, 1956. Books of accounts and other documents of the companies are inspected by the officers of the Directorate of Inspection and Investigation and the Registrar of Companies. These inspections are designed to find out whether the companies conduct their affairs in accordance with the provisions of the Companies Act, 1956 or whether the company is resorting to illegal/ fraudulent practices which may adversely affect any interest of shareholders, creditors, employees and others. Wherever inspection reports disclose any information that may be of interest to other Departments or agencies like the Ministry of Commerce and Industry, Central Board of Direct Taxes, Enforcement Directorate, State Government or Provident Fund Authorities, such information is passed on to them. If an inspection discloses a prima facie case of fraud or cheating, action is initiated under provisions of the Companies Act, 1956 for investigation under the Companies Act.

3.2.2 Sections 235 and 237 of the Companies Act empower the Central Government to order investigation into the affairs of a company under circumstances specified therein. The power to appoint inspectors, to conduct investigation and

to act on report of investigation lies with the Central Government. The Company Law Board is also empowered to consider application of members for conducting investigation into the affairs of a company. The powers to order investigation arise in circumstances where the business of a company is being conducted with an intent to defraud its creditors, or for unlawful purposes, or in a manner oppressive to any of its members or that if the company was formed for any fraudulent or unlawful purposes.

3.2.3 The Companies (Amendment) Act, 1988, introduced a new Section 621A empowering the Company Law Board and the Regional Directors to compound offences of prosecution. The power to compound is not exercisable in relation to offences, which are punishable either with imprisonment only or with imprisonment and fine.

3.2.4 Public Limited or Private Limited company which is a subsidiary of the Public Limited company can appoint the Managerial personnel under section 269 (read with section 388) of the Companies Act, 1956 and remunerate them on its own without seeking any approval of the Central Government as prescribed under section 198 and 309 (read with Schedule XIII) of the Act. However, in certain conditions a company has to seek approval of the Central Government. These conditions are:-

1. In case there is loss/inadequacy of profits in the company and the proposed remuneration is in excess of the limit as prescribed under Schedule XIII on the basis of the effective capital of the company.
2. In case where the company is a profit making company, the remuneration proposed to be paid is exceeding 5% of the net profit in case of one managerial personnel and 10% of the net profit in case of more than one managerial personnel.
3. In case where the company has defaulted in making payment of its debts (including public deposits) and interest thereon.

4. Where the company does not have any remuneration committee.
5. Where the appointee is a NRI .
6. In case of non-executive Directors the remuneration proposed to be paid is in excess of 1% of the Net profit of the company where there is any managerial personnel and 3% where there is no managerial personnel appointed by the company.
7. In case where the company has made any violation of the Act as specified in Part I of Schedule XIII of the Act and the proposed managerial personnel has been awarded any punishment or the authority concerned has imposed penalty for such violation.

Investor Grievance Management

3.3.1 Investor Grievance Management Cell (IGMC), renamed from earlier Investor Protection Cell (IPC), of the Ministry of Corporate Affairs was set up in 1993 to deal with investors' grievances. Its function is to take up the grievances of investors' through the jurisdictional Registrars of Companies. It also coordinates with the Reserve Bank of India, Department of Economic Affairs and the Securities and Exchange Board of India for redressal of complaints received in this Ministry but pertaining to those agencies. Broadly, the complaints relate to the following issues.

1. non-receipt of annual report
2. non-receipt of dividend amount
3. non-refund of application money
4. non-payment of matured deposits and interest thereon
5. non-receipt of duplicate shares
6. non-registration of transfer of shares
7. non-issue of share certificates
8. non-receipt of debenture certificates
9. non-issue of right bonus shares

-
10. non-issue of interest on late payment
 11. non-redemption of debentures and interest thereon
 12. non-receipt of share certificates on conversion.

3.3.2 The investor/depositors can lodge their complaints with IGMC on-line through MCA-21 program using the website of the Ministry viz www.mca.gov.in. The system acknowledges the receipt of complaint online by generating a complaint number which can be used for future follow up of the complaint.

3.3.3 In order to actively associate the field offices in investor grievances redressal function, a nodal team headed by a designated officer has been set up in all offices of Regional Directors and Registrars of Companies as well as at Headquarters in the Ministry. The investors may take up their grievances with the concerned Nodal Officers at the Regional Level. If any investor has any grievance which is yet to be redressed even after a lapse of reasonable time, the same may be brought to the notice of Nodal Officer at the Ministry Level.

3.3.4 The IGMC received 869 complaints at Ministry's Headquarter including complaints pertaining to other agencies from the investors, during the period 1.4.2009 to 31.12.2009 whereas 871 complaints were carried forward from the previous year. Out of these, 351 complaints have been settled. 102 complaints pertaining to other agencies have been forwarded to them for necessary action. Out of these 45 complaints were forwarded to SEBI, 9 to RBI and 48 to Hardship Committee (CLB).

Vanishing Companies

3.4.1 The Capital Market Boom of early 1990s witnessed a large number of companies tapping the capital market through public issues. However, some companies which had raised funds by making public issue later vanished with the investors' money.

3.4.2 As a result of Finance Minister's Budget Speech on 27.2.99, a joint mechanism called Coordination and Monitoring Committee (CMC), co-chaired by Secretary, Ministry of Corporate Affairs (MCA) and Chairman, SEBI, was set up to settle the policy issues regarding the delinquent companies/promoters and to monitor the progress in regard to action taken against Vanishing Companies under the provisions of the Companies Act, 1956 and under the relevant provisions of Indian Penal Code (IPC) as well as under SEBI Act, 1992. CMC has representatives of MCA, SEBI, RBI and Department of Economic Affairs (DEA) and is assisted by the four Regional Task Forces, each under the four Regional Directors of Ministry of Corporate Affairs and includes representatives of Registrar of Companies (ROCs), Regional Stock Exchanges, RBI and Nodal Officer nominated by the concerned State Governments.

3.4.3 Of the 229 companies that came out with IPOS during 1992-98, earlier identified as vanished, 116 companies have been traced back and are now regular in filing statutory returns etc. After the CMC started functioning, the number of vanishing companies has reduced significantly and for the period 1998-2001 only 08 companies have been identified as vanishing while the number of companies which vanished after this period is NIL. Hence, it may be appreciated that the instrument of setting up of the CMC and its functioning has been successful in effectively controlling the phenomenon of vanishing companies. Besides this, the implementation of an e-Governance project in which the identity of directors is built in through the Director Identification Number (DIN) has also assisted in controlling the phenomenon of vanishing companies. The Ministry however is making all efforts to ensure that the complaints filed under the provisions of the Companies Act, 1956 and under IPC, against the vanishing companies and its promoters/directors are taken to their logical conclusion at different forums.

Acceptance of Deposits

3.5.1 Section 58 A of the Companies Act, 1956 which came into force on 1.2.1975, regulates the

invitation and acceptance of deposits by non-banking non-financial companies. The Companies (Acceptance of Deposits) Rules, 1975 framed in pursuance of sub-section (1) of Section 58A of the aforementioned Act prescribes the limits up to which, the manner in which and the conditions subject to which deposits may be invited or accepted by these companies either from the public or from their members. These Rules, prescribe every company to advertise at the time of inviting deposits a summarized financial position of the company for the preceding financial years. The rules lay down the following conditions governing the acceptance of deposits:

- Ceiling limits of deposits with reference to the company's net worth.
- Maximum period of 36 months for which the deposits can be accepted.
- Maximum rate of brokerage, which can be paid by the company to brokers through whom the deposits are collected.
- Maintenance of liquid assets to the extent of 15% of deposits maturing during the year to be invested in specified securities in order to safeguard the interests of depositors.
- Maximum rate of interest payable on deposits.

3.5.2 Sub-Section (8) of Section 58A empowers the Central Government, if it considers necessary for avoiding any hardship or for any other just and sufficient reason, to grant extension of time to a company or class of companies to comply with or exempt any company or class of companies from all or any of the provisions of Section 58A either generally or for a specified period subject to such conditions as may be specified, either prospectively or retrospectively from a date not earlier than the commencement of the Companies (Amendment) Act, 1974. In case exemption is to be granted for a class of companies, it is to be done after consultation with the Reserve Bank of India.

3.5.3 Sub-sections (9) & (10) of Section 58A empower the Company Law Board to take cognizance of any case of non-repayment of

deposits on maturity and direct the company to make repayment of such deposits within such time and subject to such conditions, as may be specified in the order. Non-compliance of the orders of the Company Law Board would attract penalty by way of imprisonment, which may extend to three years and shall also be liable to a fine of not less than Rs. 500/- for every day till such non-compliance continues.

3.5.4 Under the proviso to sub-section (7) of Section 58A, the Government is empowered to exempt a class of companies from all or any of the provisions of Section 58A. The Ministry has granted exemption vide Notification GSR No. 1075E dated 29.12.1989 from the provisions of sub-section (1) to (6) of Section 58A in respect of acceptance of deposits by issue of Commercial paper by companies which satisfy the eligibility criteria laid down by Reserve Bank of India in the Non-Banking Companies (Acceptance of Deposits through Commercial Paper) Directions 1989. The said Notification has come into force on and from 1.1.1990.

3.5.5 During the period with effect from 1.4.2009 to 31.12.2009, 04 applications for granting exemption/extension of time under Section 58A (8) of the Companies Act, 1956 were received in addition to 10 applications brought forward from the previous year. Out of the total 14 applications, 11 applications were disposed of during the said period, and 3 applications were pending for consideration as on 31.12.2009.

Other Provisions

3.6.1 In order to afford greater protection to shareholders, Section 205A has been incorporated in the Companies Act, whereby unpaid or unclaimed dividends are to be kept in a separate account for three years by the company concerned. Thereafter, if these dividends still remain unpaid or unclaimed, these are to be transferred to the account of the Central Government, which will make necessary payments to the shareholders concerned upon an application duly made by them.

3.6.2 Approval of the Central Government is required to be obtained under Section 294AA in regard to the sole selling agency agreements, which may be entered into by companies having paid up capital of Rs. 50 lakh or more. This is to ensure that the cost of commodities sold to the consumers through these agreements is not inflated by avoidable additional expenditure on the part of the companies concerned.

3.6.3 Cost Accounting Records Rules are prescribed under Section 209(1)(d) of the Companies Act, for companies engaged in production, processing, manufacturing and mining activities. These are designed to bring cost consciousness among the companies to ensure the best use of resources by them with a view to reduce the cost of production and in turn to provide cheaper goods to the consumer.

3.6.4 The interest of the public in general in the matter of keeping deposits with the companies has also been taken care of in the Companies Act. Under section 58A of the Companies Act, 1956, the Ministry has framed the Companies (Acceptance of Deposits) Rules, 1975. Under these Rules, companies are required to advertise and publish their financial accounts for information and guidance of the public at the time of inviting deposits. If a company fails to repay any deposit or part thereof in accordance with the terms and conditions of such deposit, the Company Law Board may, if it is satisfied that it is necessary to do so to safeguard the interests of the company, the depositors, or in the public interest, direct the company to make repayment of such deposit or part thereof forthwith or within such time and subject to such conditions as may be specified in the order.

Company Law Board

3.7.1 Company Law Board functions as an independent, quasi judicial body created under the Act of Parliament. It derives its power under

section 10E of the Companies Act, 1956. It became functional on 31/5/1991. The Company Law Board being a quasi judicial body has framed its own Regulations the Company Law Board Regulations, 1991 prescribes the procedure for filing the applications/petitions before it. To smoothen the functions of Company Law Board, the Central Government has also prescribed the fees for making application/petitions before the Company Law Board under the Company Law Board (Fees on Applications and Petitions) Rules 1991. The Board has its Principal Bench at New Delhi and Regional Benches at New Delhi, Kolkata, Mumbai and Chennai. The Company Law Board has contributed a lot for corporate governance by passing land mark orders under section 397 & 398 of the Companies Act, 1956. In the last year the Company Law Board played a vital role in the matter of M/s Satyam Computer Services Ltd. By passing land mark orders replaced the Board of Directors of the company by appointing eminent persons in the Board of Directors of the company who helped in rehabilitating the company and helped to bring it to full vigor and thus saved the said company from brink of collapse.

3.7.2 Shri. S. Balasubramanian who was Chairman of Company Law Board superannuated on 2/11/2009 after distinguished service as Chairman, Company Law Board. After superannuation of Shri. S. Balasubramanian on 2/11/2009 the Central Government has appointed Hon'ble Justice (Retd.) Dilip Raosaheb Deshmukh a retired judge of Chhattisgarh High Court as Chairman of Company Law Board, who assumed the charge of Chairman, CLB on 27/11/2009.

3.7.3 The Board has its Principal Bench at New Delhi, but it may sit at any other place in India at its discretion or at the joint request of all the parties. It has Regional Benches at New Delhi, Mumbai, Kolkata and Chennai. From 1st April, 2008 onward the matters falling under section 247, 250, 269, and 388B of the Companies Act, 1956 and under section 2A of the Monopolies and Restrictive Trade Practices Act, 1969 (54 of 1969) are dealt with by

the Principal Bench consisting of one or more Member. All other sections of the Act i.e. 17, 18, 19, 58A, 58AA, 79/80A, 111/111A, 113/113(3), 117, 117C, 118, 141, 144, 163, 167, 186, 196, 219, 235, 237(b), 284, 304, 307, 397/398, 408, 409, 614, and 621A of the Companies Act, 1956 and Section 45QA of the Reserve Bank of India Act, 1934 are dealt with by Regional Benches namely New Delhi Bench, Chennai Bench, Kolkatta Bench and Mumbai Bench consisting of one or more Members.. In case the company fails to comply with the directions contained in the Orders so passed by the Company Law Board, application under section 634A of the Companies Act, 1956 for enforcing the orders are entertained.

3.7.4 During 01.04.2009 to 31.12.2009, 2312 applications were considered u/s 58A (9) of the Companies Act, 1956 and 45QA of the RBI Act, 1934 of which 514 were disposed of. Under other Sections of the Companies Act, 1956, 10944 petitions were considered out of which 8441 petitions were disposed of during this period. This includes 1733 cases compounded under section 621A of the Companies Act, 1956.

3.7.5 As against the sanctioned strength of 9 Members (including Chairman and Vice Chairman) the constitution of Company Law Board at present is as follows:

1. Justice Sh. Dilip Raosaheb Deshmukh, Chairman
2. Smt. Vimla Yadav, Member (Technical)
3. Shri Kanthi Narahari, Member (Judicial)
4. Smt. Lizamma, Member (Judicial)
5. Shri B.S.V. Prakash Kumar, Member (Judicial)
6. Shri R. Vasudevan, Member (Technical) (*under suspension*)

3.7.6 Taking into consideration the hardships being faced by the small and needy depositors innocent public who have deposited the amount in fixed deposits with the companies which are not refunding the same as per the promise given by them at the time of taking the said amount in

deposits, Company Law Board have appointed 19 Hardship Committees under the Chairmanship of Secretary, CLB to consider and place before the Company Law Board the grievances and priority for payment of the fixed deposit amount on pro-rata basis.

3.7.7 Presently, every month a Hardship Committee meeting is held in CLB, New Delhi as per Company Law Board's order for refund of deposit on hardship grounds in respect of 19 companies. The cheques/drafts for refunds are distributed by CLB on receiving the same from the companies in respect of the cases received by CLB. There are lots of improvements in terms of redressal of grievances of the small and needy depositors. Up to 31st December 2009, a sum of Rs. 5.83 crores (approx.) has been disbursed to 2131 depositors. Thus, 100% redressals of complaints received by CLB on hardship grounds are ensured.

3.7.8 Payment to fixed deposit holders of M/s. Pure Drinks (New Delhi) Ltd., is being made by Company Law Board in compliance with the order passed by Hon'ble High Court of Punjab & Haryana. Till 31st December, 2009, 11634 cheques have been issued to the depositors of Pure Drinks (New Delhi) Ltd. for an amount of Rs. 5.34 crores (approx.). In all cases of payments for both principal and interest, cheques are issued under the signature of the Secretary, CLB, New Delhi.

3.7.9 The total filing fees received by the CLB during 01.04.2009 to 31.12.2009 is Rs. 43,40,005/- and compounding amount realized during the same period is Rs. 1,60,38,136/-.

Company Petitions before Company Law Board

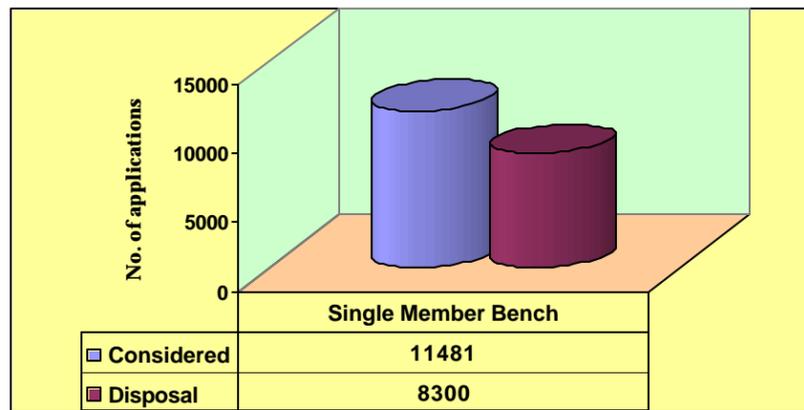
3.8 Particulars of petitions/applications received and disposed of by various Benches including Principal Bench and Additional Principal Bench during the period from 1.4.2009 to 31.12.2009 are given in Table 3.1.

TABLE - 3.1
Consolidated Statement of Petitions/applications Received Disposed of and Pending for the Period w.e.f.01-04-2009 to 31-12-2009.

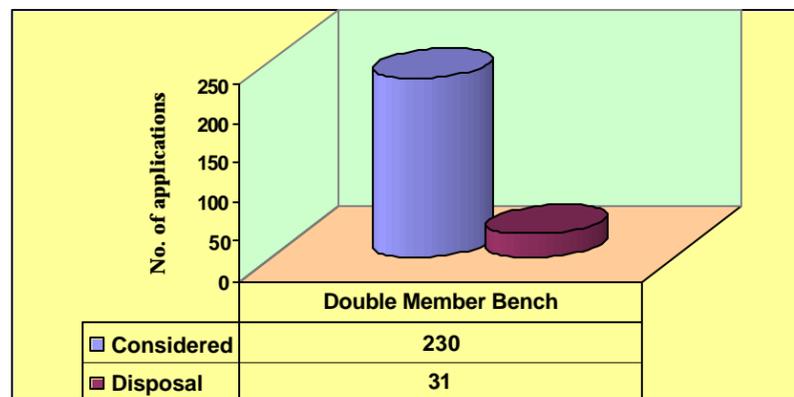
Composition of Bench & Section (1)	Opening Balance (2)	Receipts (3)	Total (Sl.2&3) (4)	Disposed of (5)	Pending (Sl.no.4-5) (6)
Single Member Bench					
Sec.17	91	847	938	776	162
Sec.18/19	6	42	48	38	10
Sec.45QA of RBI Act.	81	3	84	4	80
Sec.58A(9)	869	1359	2228	510	1718
Sec.58AA(1)	13	0	13	0	13
Sec.79	2	1	3	2	1
Sec.80A	4	1	5	1	4
Sec.113/113(3)	5	14	19	13	6
Sec. 117	0	0	0	0	0
Sec.117C	179	3	182	1	181
Sec.118	0	0	0	0	0
Sec.141	82	5038	5120	4929	191
Sec.144	0	0	0	0	0
Misc. Applications	57	279	336	280	56
Sec.163	3	5	8	0	8
Sec.167	12	4	16	3	13
Sec.186	5	6	11	3	8
Sec.196	0	3	3	0	3
Sec.219	0	2	2	0	2
Sec. 284	7	6	13	6	7
Sec.304	0	0	0	0	0
Sec.307	0	0	0	0	0
Sec.614	1	3	4	1	3
Sec.621A	505	1943	2448	1733	715
Sec.634A	0	0	0	0	0
Total (a)	1922	9559	11481	8300	3181
Double Member Bench					
Sec.111	174	54	228	30	198
Sec.269(7)	0	0	0	0	0
Sec.634A	1	1	2	1	1
Total(b)	175	55	230	31	199
Total (a) + (b)	2097	9614	11711	8331	3380
Principal Bench and Addl. Principal Bench					
CASES U/S. 235, 237, 247, 250, 388(b), 397, 398, 408, 409 and Interlocutory Applications	773	772	1545	624	921
Grand Total	2870	10386	13256	8955	4301

**Petitions/Applications considered and disposed of by the Company
Law Board for the period 01.04.2009 to 31.12.2009**

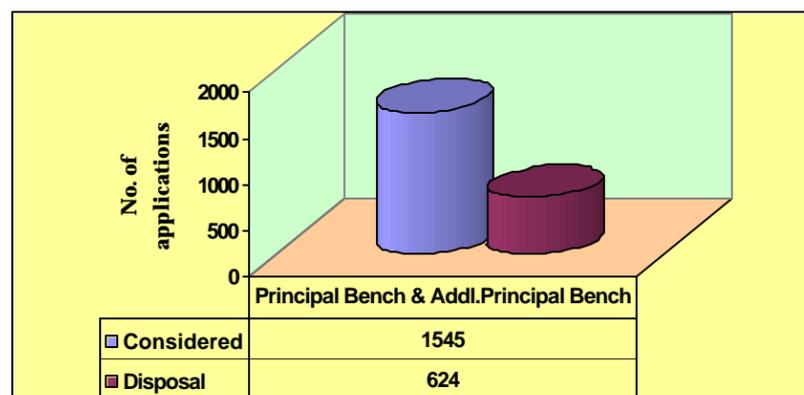
Single Member Bench



Double Member Bench



Principal Bench and Additional Principal Bench



Action under Section 397/398/408/402/406/388/237(b) of the Companies Act

3.9.1 Section 397/398 of the Companies Act, 1956 provides for filing of application before the Company Law Board for relief in cases of oppression, mismanagement or apprehension of mismanagement of the affairs of the Company. Section 408 of the Act empowers the Central Government to appoint such number of persons on the Board of the company as directed by Company Law Board on the reference/ application

made by the Government to safeguard the interests of the company or its shareholders or the general public. In addition, the Central government can also file petitions under Section 402 read with Section 406 of the Act for disgorgement of assets against the Directors of the Company when they indulged in misappropriation/misfeasance.

3.9.2 As on 31.12.2009, there were 8 cases pending before Company Law Board/High Court. The details of the same are as under:

Details of cases pending before Company Law Board/High Court

Sl. No.	Name of Company	CLB/Court	Under Sections	Remarks
(1)	(2)	(3)	(4)	(5)
1.	M/s Satyam Computers Services Ltd.	CLB	397/398/388B/406 & 408	Pending
2.	M/s Maytas Infra Ltd.	CLB	-do-	Pending
3.	M/s Maytas Properties Ltd.	CLB	-do-	Pending
4.	M/s SHCIL Services Ltd.	CLB	250	Pending
5.	M/s Mukta Art Ltd.	High Court	237(b)	Pending
6.	M/s Eveready Industries Ltd.	High Court	397	Pending
7.	M/s Vikas WSP Ltd.	High Court	397	Pending
8.	M/s Satyam Computers Services Ltd.	High Court	Writ	Pending

Appointment of Managerial Personnel

3.10.1 The Ministry of Corporate Affairs deals with statutory applications relating to the appointment of and payment of remuneration to Managing Directors, whole-time Directors and managers of public limited companies and of private limited companies which are subsidiaries of public limited companies under Sections 259, 268, 269, 198/309, 310 and 314 of the Companies Act, 1956 in accordance with provisions of Schedule XIII to the said Act, as amended from time to time.

3.10.2 To bring greater transparency in processing of various statutory applications, the

submission of applications on-line through the website of the Ministry was operationalised since September, 2006. The companies can also track the status of their application on the website of the Ministry.

3.10.3 It has been observed that applications received are generally deficient in several respects. In order to have complete information at the initial stage itself, Form Nos. 25A and 24B are under revision to make them effective and to ensure speedy disposal of application. The details of receipt and disposal of statutory applications for the period from 01.04.2009 to 31.12.2009 are given in Table 3.2.

Table 3.2

Applications on Managerial Appointment received and disposed of by the Central Government during 01.04.2009 to 31.12.2009

Sections of the Companies Act 1956	Nature of Applications	Pending as on 1.4.2009	Received during 1.4.2009 to 31.12.2009	Total	Disposed off during 1.4.09-31.12.2009	Pending as on 31.12.2009
(1)	(2)	(3)	(4)	(5)	(6)	(7)
259	Increase in number of directors	18	16	34	20	14
268	Amendment of provisions in the Articles of Association relating to Managing Director or Whole time Director	20	4	24	5	19
269/ Schedule XIII309(1B), 309(4)(5B), 310	Appointment/ reappointment of Managing Directors or Whole time Directors/ Managers, Remuneration to Directors for rendering professional services, Remuneration to Directors other than Managing Director or whole time Director/ waiver of sums refundable to Directors and increase in remuneration of Directors	643	1033	1676	725	951
314(1B)	Appointment/continuance of relative of a Director to hold any office or place of profit in company which carries total monthly remuneration of not less than Rs 50,000 per month	264	223	487	180	307
	Total	945	1276	2221	930	1291

Investigation

3.11.1 The investigation cases of companies under Section 235/237 of the Act are entrusted to the SFIO on the following grounds/ criteria:-

- i) Where the size of the alleged fraud is estimated to be at least Rs. 50 crore or more, or;
- ii) Paid up capital of the company is more than Rs. five crores, and 20% or more capital is subscribed by the public; or

- iii) When the alleged fraud involves widespread public concern estimated to affect at least more than 5000 persons; or
- iv) Where investigation requires specialized skills and multidisciplinary approach.

3.11.2 SFIO takes up investigation of corporate frauds characterized by (a) complexity, and having inter-departmental and multi-disciplinary ramifications, (b) substantial involvement of public interest to be judged by size, either in terms of monetary misappropriation, or in terms of persons affected; and (c) the possibility of investigations

leading to, or contributing towards, a clear improvement in systems, laws or procedures.

3.11.3 SFIO is headed by a Director as Head of the Department. He is of the rank of Jt. Secretary to the Government of India. The Director is assisted by Addl. Directors/ Jt. Directors and Sr. Assistant Directors /Assistant Directors, who form teams for investigation of a case. The Head Office of SFIO is at Delhi and there is one Branch Office in Mumbai.

3.11.4 The SFIO was restructured during Feb-March 2009 and fresh vacancies at various levels created. At present, there are 18 sanctioned posts of Additional/Joint Director, 8 posts of Deputy Directors and 59 posts of Sr Assistant/Assistant Directors. Out of these posts, one post of Addl./

Jt. Director and 4 posts of Sr. Assistant Director/ Assistant Directors are sanctioned for Mumbai Branch Office. Whenever any case is referred by the Ministry for investigation u/s 235 or 237 of the Companies Act, teams of officers taken from various fields are formed headed by an Addl./ Jt. Director to investigate that particular case and submit the report to the Ministry. After submission of the report, prosecutions are sanctioned by the Ministry and thereafter as per the sanction accorded by the Ministry, prosecutions are filed by SFIO in the competent courts. During the period from 1st April 2009 to 31st December 2009, five cases were ordered for investigation under section 235/237 of the Companies Act, 1956 by the Central Government under separate orders. Details of their present position are given below:

Sl. No.	Name of Company	Date of Order	Status
(1)	(2)	(3)	(4)
1	Mega city [Bangalore] Developers and Builders Ltd.	17.4.2009	Investigation under progress
2	AVI Industries Ltd.	13.5.2009	Investigation under progress
3	Information Technology [India] Ltd	16.7.2009	Investigation under Progress
4	Sesa Goa Ltd	23.10.2009	Investigation under Progress
5	Sesa Industries Ltd.	23.10.2009	Investigation under Progress

3.11.5 Besides the five cases mentioned above, following cases ordered for Investigation by Government during 2007-08 and 2008-09 are also at

various stages of investigation. In all 22 cases are under investigation by SFIO as on 31.12.2009.

Sl. No.	Name of Company	Date of Order	Status
(1)	(2)	(3)	(4)
1.	JVG Finance Ltd	27/07/2007	Investigation under progress
2.	Systems America (India) Ltd	17/01/2008	Investigation under progress
3.	AVI Telecom Ltd.	05/05/2008	Investigation under progress
4.	AVI Petroleum Ltd.	-do-	Investigation under progress
5.	AVI Packaging (India) Ltd.	-do-	Investigation under progress
6.	A & R Oil Mills Ltd.	-do-	Investigation under progress
7.	Rishi Spinners Ltd.	-do-	Investigation under progress
8.	Rishi Financial Services Ltd	-do-	Investigation under progress
9.	Rishi Oil & Fats Ltd.	05/05/2008	Investigation under progress
10.	AVI Shoes Ltd.	-do-	Investigation under progress
11.	Zenet Software Ltd	15/05/2008	Investigation under progress
12.	Sugandh Estates & Investments Pvt. Ltd.	16/05/2008	Investigation under progress

13.	Amadhi Investments Ltd.	16/05/2008	Investigation under progress
14.	Welvet Financial Advisors Pvt. Ltd.	16/05/2008	Investigation under progress
15.	PSG Developers & Engineers Ltd.	16/05/2008	Investigation under progress
16.	Nicco Uco Alliance Credit Limited	05/08/2008	Investigation stayed by Hon'ble High Court, Kolkata as informed by ROC. Stay has been vacated. Investigation under Progress
17.	Kuber Mutual Benefits Limited [in liquidation]	09/09/2008	Investigation under progress

3.11.6 So far, 71 cases have been referred to SFIO for investigation. Out of these, SFIO has submitted investigation reports in 47 cases till 31.12.2009, two cases have been either stayed or dismissed by Courts and the remaining 22 cases (as per para 3.1 and 3.2 above) are under investigation. During the year (from 1.4.2009 to 31.12.2009) the following 11 investigation reports have been submitted to the Government.

Sl.No.	Name of the Company	Date of submission of report
(1)	(2)	(3)
1.	JVG Industries Limited	3.7.2009
2.	JVG Steels Limited	30.6.2009
3.	JVG Farm Fresh Limited	3.8.2009
4.	JVG Housing Finance Limited	13.7.2009
5.	JVG Overseas Limited	3.8.2009
6.	JVG Leasing Limited	28.8.2009
7.	JVG Securities Ltd	10.8.2009
8.	JVG Departmental Stores Ltd.	6.11.2009
9.	Krishi Export Commercial Corporation Ltd	7.9.2009
10.	Elder Pharmaceuticals Ltd.	10.8.2009
11.	Satyam Computer Services Limited	13.4.2009

3.11.7 The list of remaining 36 cases in which reports have been submitted so far is given below.

Sl. No.	Name of the Company	Date of submission of report
(1)	(2)	(3)
1	Daewoo Motors India Ltd.	16-02-2004
2	DSQ Software Ltd.	30-11-2005
3	Design Auto Systems Ltd.	19-01-2005
4	Bonanza Biotech Ltd.	20-01-2005
5	Vatsa Corporation Ltd.	21-09-2004
6	Triumph International Finance India Ltd.	18-09-2006
7	N H Securities Ltd.	03-09-2006
8	KNP Securities Pvt. Ltd.	21-09-2006
9	VNP Securities Pvt. Ltd	20-09-2006

10	Panther Fincap and Management Services Ltd.	25-09-2006
11	Panther Investrade Ltd.	21-09-2006
12	Panther Industrial Products Ltd.	29-06-2006
13	Triumph Securities Pvt. Ltd.	15-09-2006
14	Luminant Investrade Pvt. Ltd.	15-09-2006
15	Classic Credit Ltd.	26-09-2006
16	Saimangal Investrade Ltd.	15-09-2006
17	Classic Shares and Stock Broking Services Ltd.	17-08-2006
18	Goldfish Computers Pvt. Ltd.	27-06-2006
19	Nakshatra Software Pvt. Ltd.	12-08-2006
20	Chitrakoot Computer Pvt. Ltd.	12-08-2006
21	Manmandir Estate Developers Pvt. Ltd.	22-06-2006
22	Mardia Chemicals Ltd.	12-07-2005
23	Adam Comsof Ltd.	06-10-2005
24	Kolar Biotech Ltd.	07-10-2005
25	Soundcraft Industries Ltd.	10-10-2005
26	Usha India Ltd	10-02-2006
27	Malvika Steel Ltd.	10-02-2006
28	Koshika Telecom Ltd.	17-03-2006
29	Shonkh Technologies Ltd.	26-11-2007
30	Morepen Laboratories Ltd.	16-03-2007
31	JVG Publications Limited	31.3.2009
32	JVG Hotels Limited	31.3.2009
33	JVG Techno India Limited	31.3.2009
34	JVG Holdings Limited	31.3.2009
35	SHCIL services Ltd	31.3.2009
36	Leafin India Limited	12.3.2009

3.11.8 Till 31.12.2009, 774 cases of prosecution against the persons involved in fraudulent activities in the following companies have already been filed in the different Courts

Sl. No	Name of the Company	No. of cases	
		Company Law	IPC
(1)	(2)	(3)	(4)
1.	M/s Daewoo Motors India Ltd.	21	2
2.	DSQ Software Ltd.	23	2
3.	M/s Design Auto Systems Ltd.	11	2
4.	M/s Bonanwza Biotech Ltd.	16	1
5.	M/s Vatsa Corporations Ltd.	106	8
6.	M/s Triumph International Finance India Ltd.	10	2
7.	M/s N.H. Securities Ltd.	24	1

8.	M/s K.N.P. Securities Pvt. Ltd.	15	0
9.	M/s V.N.P. Securities Pvt. Ltd.	12	0
10.	M/s Panther Fincap and Management Services Ltd.	24	2
11.	M/s Panther Investrade Ltd.	14	1
12.	M/s Panther Industrial Products Ltd.	25	0
13.	M/s Triumph Securities Ltd.	22	1
14.	M/s Luminant Investments Pvt. Ltd.	11	0
15.	M/s Classic Credit Ltd.	17	1
16.	M/s Saimangal Investrade Ltd.	18	1
17.	M/s Classic Shares and Stock Brokers Ltd.	36	0
18.	M/s Goldfish Computers Pvt. Ltd.	22	1
19.	M/s Nakshatra Software Pvt. Ltd.	17	2
20.	M/s Chitrakoot Computers Pvt. Ltd.	16	2
21.	M/s Manmandir Estate Developers Pvt. Ltd.	2	1
22.	M/s Mardia Chemicals Ltd.	22	1
23.	M/s Soundcraft Inds. Ltd.	35	9
24.	M/s Adam Comsof Ltd.	21	4
25.	M/s Kolar Biotech Ltd	24	4
26.	M/s Usha India Ltd.	27	7
27.	M/s Malvika Steels Ltd.	27	6
28.	M/s Koshika Telecom Ltd.	41	3
29.	M/s Shonkh Technologies International Ltd.	9	-
30.	M/s Shonkh Technologies Limited	17	1
31.	M/s Morepen Laboratories Ltd.	12	5
32.	M/s Satyam Computor Services Ltd.	07	-
	Total	704	70

Types of Frauds Found

3.11.9 During the course of investigation by SFIO over the years, different types of frauds / fraudulent activities have been unearthed. Some of the types of frauds are illustrated below:

(a) Project Financing: In one of the cases investigated by SFIO, it was noticed that an Indian company imported second hand plant and machinery from its parent company at a very high price. This over valued plant and machinery was used to obtain higher term loans from funding institutions. The loan amount thus obtained was transferred to parent company as payment liability against such plant and machinery. It was also noticed that the Indian company had received different invoices for majority of its machinery for submission to different Government agencies. It

was also observed in the above investigation that the company under investigation procured major parts of its raw material requirement at highly over inflated price from its overseas parent company and thereby siphoned off the working capital funding as well.

(b) Frauds during operations : In one of the cases investigated by SFIO, it was noticed that an Indian company raised bills showing trading of diamonds among its various group companies in circular manner viz company "A" selling to "B", then "B" selling to "C" and again "C" selling back to "A". Thus, in this process, no goods were transferred and only sale and purchase bills were raised. These bills were discounted with banks and the company received huge amount of rupees as advance from banks against such bills. Initially the company complied in repayment of amount

specified in the discounted bills after prescribed period. However, after sometimes, payment was stopped and main promoter of the company who was controlling all the affairs of the company fled the country and the company stopped functioning resulting into huge amount of bank funds becoming NPA.

(ii) In some cases investigated by SFIO, huge payments were shown to have been made to petty suppliers of steel items or to group companies during the period of construction of project by recording of supply of materials made by these entities. All these supplies were reflected in the books of account as work-in-progress, which was not verifiable, and during the course of investigation, these petty suppliers were found either non-existent or not traceable. Group companies were also found to be either wound-up or non-operational with no director of those companies being traceable. Funds transferred to these entities showing supply of material were found to have been taken out in cash by rotating through certain accounts or showing payments for certain non-verifiable expenses.

(c) Falsification of Financial Statements: In some cases investigated by SFIO, it was found that, by following two accounting years, company was showing losses or very nominal profit in the Profit & Loss account filed to the Income tax department. However, huge profit was being shown in the Profit & Loss accounts filed with stock exchanges, ROC etc. The different amount of profits in the two sets of Profit & Loss Account for the same year was shown by resorting to valuation of stock at inflated value in the Profit & Loss Account that was filed with ROC, Stock exchanges following the accounting year other than financial year. In few cases, sales having heavy profit margin were recorded in those months, which were included in the accounting year followed for preparing the Profit & Loss Account filed with ROC and used for the purposes of investors or other stakeholders.

(ii) In one of the cases investigated by SFIO, it was observed that the company deferred capitalization of its fixed assets, despite starting

the commercial production using the very same fixed assets, in order to achieve higher profitability and / or reducing the losses thereby, avoiding the clutches of BIFR and enjoying continued bank funding.

(d) Fraud Through Capital Market: In one case investigated by SFIO, it was found that a company adopted a dubious method of creating equity capital by mere circulation of cheques through the bank accounts of its associates companies without having any funds in those accounts. In fact, there was no actual flow of funds to the accounts of the company. Whatever money was shown to have come in, equivalent amount of cheques were issued in favour of the companies from whom the cheques were received mostly on the same day or in a span of couple of days. The mere debit and credit entries in the bank accounts were utilized for creating equity capital.

(i) This company also adopted different accounting methods/systems for the purposes of Company Law and Income Tax law. Whenever returns of income were filed with Income Tax Authorities, accounts showed losses but the accounts filed with ROC always showed profit. These methods were adopted to project a misleading picture to the public while at the same time avoiding payment of tax to Income Tax department. The accounts filed with different authorities thus did not tally with each other.

(ii) Another method adopted for increasing the equity is to swap the same with some dummy/dormant company not having any significant business but used just for the creation of equity without bringing any money to the company in real terms. This type of cases have also been found.

(iii) In one case investigated by SFIO, it was found that nearly equity of Rs. 7000 crore was created by swapping equity shares of the company against preference shares of associate companies at exorbitant premium. These companies did not have

backing of any assets or significant levels of performance, to justify such high premium.

- (iv) In another case investigated by SFIO, two corporate entities created 10 crore equity shares each in their books by illegally allotting shares to each other in gross violation of provisions of the Companies Act and SEBI Act. One of the companies got these shares deceitfully dematerialized and sold these shares in the market without even obtaining the listing permission from the stock exchange. The same company also deceitfully allotted shares to the promoters and their controlled company in gross violation of provisions of Companies Act. These shares were also deceitfully dematerialized and sold in the market.
- (v) Based on manipulated financial performance, promoters often resort to selling their share holding in the company at manipulated prices to make illegal gain from share market and later, repurchase the same at reduced price by reversing the process in the subsequent period and thus continue to maintain their control on the company. In most of the cases investigated by SFIO, a large quantity of shares sold by promoters or entities controlled by them are found to have been allotted to them on preferential basis by adopting the method of circulation of cheques or swapping as discussed in previous para.

Inspections

3.12.1 Section 209A of the Companies Act, 1956 empowers the Registrar of Companies or the officers, duly authorized by the Central Government, to undertake inspection of the books of accounts and other records of companies. Several officers of the Ministry have been authorized under this section from time to time to undertake inspections.

3.12.2 Broadly, inspections are undertaken to serve one or more of the following objects:

- i) to verify compliance by companies of various provisions of the Companies Act, 1956;
- ii) to verify whether the company accounts represent a true and fair picture of the company's finances and whether the same have been disclosed in a manner consistent with the Companies Act;
- iii) whether the company's funds have been siphoned off, applied or diverted in a manner violative of the provisions of the Act and whether the company management has misused its fiduciary position for any personal advantage in violation of the Act;
- iv) whether there are acts of mismanagement or oppression which adversely affect the interest of company stakeholders, or which may adversely prejudice such interests, which may merit the company to be wound up on just and equitable grounds under the Act;
- v) whether statutory auditors have carried out their duties properly while certifying true and fair view of the state of affairs of the company; and
- vi) to examine legal action under the Companies Act if the company has made a default in filing its balance sheet and profit and loss account or annual return for any five consecutive financial years with the Registrar.

3.12.3 Inspection under section 209 A of the Companies Act, 1956, of the books of accounts of the company is generally ordered on the basis of:-

- i) complaints received in the Ministry or in its field offices about mismanagement in respect of maintenance of books of accounts as prescribed under Section 209 of the Act, delay in transfer of shares/debentures, delay in payment of dividend, non-payment of deposits or interest thereon etc.;

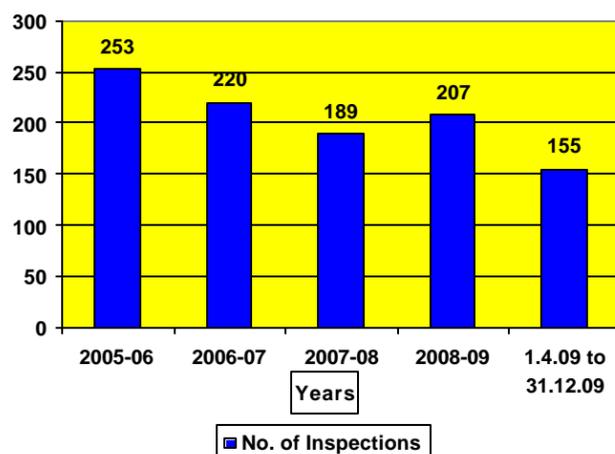
ii) violations/irregularities noticed on scrutiny of documents including auditors remarks filed in the office of the Registrar of Companies and

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

Table 3.3
Number of inspections conducted during last five financial years:

Year	No. of Inspections
2005-06	253
2006-07	220
2007-08	189
2008-09	207
01.04.2009- 31.12.2009	155

No. of inspections conducted during the last five Financial Years



Follow up of the report of Joint Parliamentary Committee (JPC) on Stock Market Scam

3.13 The Government had set up a Joint Parliamentary Committee (JPC) to investigate the Stock Market Scam. JPC submitted its report in December 2002. The Ministry of Corporate Affairs was asked to furnish Action Taken Report on certain recommendations of the JPC concerning this Ministry. Status reports in respect of points concerning MCA are forwarded regularly to JPC Cell in the Department of Economic Affairs which is for monitoring the follow up action on JPC Report from time to time.

Prosecutions

3.14 During the period from 1.4.2009 to 31.12.2009, a total no. of 64,485 prosecutions including 57613 prosecutions brought forward from the previous year were launched and pursued in various courts under the Company Act, 1956, out of these 6973 prosecutions were disposed of. As on 31.12.2009, the number of pending cases stood at 57512.

Cost Audit

3.15.1 Cost Audit Branch under the Ministry of Corporate Affairs is manned by professionals drawn from the Indian Cost Accounts Service (ICAS) and primarily deals with sections 209 (1)

(d) and 233B of the Companies Act, 1956. The Branch, under section 209 (1) (d) formulates & notifies Cost Accounting Records Rules (CARRs) for various industries/products. Such rules prescribe the manner in which cost records are to be maintained by specified class of companies. The Branch also undertakes rationalization of existing CARRs to reflect the changes in technology, manufacturing processes and accounting standards. Under section 233B, orders are issued to individual companies for conducting cost audit of cost records in accordance to Cost Audit Report Rules from a Cost Auditor appointed by the Board of Directors with the prior approval of the Ministry. Details of activities undertaken by this Branch during the financial year 2009-10 (April-Dec.)are given as under:

i) In exercise of the powers conferred by sub-section (1) of Section 642 read with clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956, the Central Government notifies the Cost Accounting Records Rules (CARRs) from time to time with respect to various industries and products. All companies engaged in production, processing, manufacturing or mining activities, in respect of industries or products specified in the Cost Accounting Record Rules, as applicable, are required to keep at its registered office proper books of account relating to utilisation of material or labour or to other items of cost as prescribed under the said Rules. Every company covered under these Rules shall maintain cost accounting records from the financial year on or after the publication of these Rules. These rules do not apply to a company, -

a. wherein, the aggregate value of machinery and plant installed as on the last date of the preceding financial year, does not exceed the limit as specified for a small scale industrial undertaking under the provisions of Industries (Development and Regulation) Act, 1951 (65 of 1951); and

b. the aggregate value of the turnover made by the company from sale or supply of all its products or activities during the preceding financial year does not exceed ten crores of rupees.

ii) The Cost Accounting Records Rules (CARRs) prescribe the manner in which cost records are to be maintained so as to have cost data base to be primarily utilized by the industries/companies themselves to improve upon their performance and face competitive environment and also by various Government agencies like, price-fixation authorities, regulatory bodies, WTO implementation & monitoring agencies, Competition Commission of India, revenue authorities, and other institutions for meeting their respective objectives. Cost Accounting Records Rules have so far been notified in respect of 44 industries (list enclosed at Annexure).

iii) MCA vide their order dated 26.11.2009 has constituted a Task Force under the chairmanship of Adviser (Cost), MCA to suggest modalities for implementation of the recommendations of the Expert Group Report on Cost Accounting Record Rules, Cost Audit Report Rules and related Standards. The Task Force has submitted its Interim Report on 10th December, 2009 along with revised draft of the proposed section 131 together with brief reasons.

iv) Under sub-section (1) of section 233B of the Companies Act, 1956, cost audit orders are issued on eligible companies, from time-to-time, to get their cost records audited by a practicing Cost Accountant, in accordance to the Cost Audit Report Rules, 2001. Such orders are also issued on companies arising out of mergers, demergers, amalgamations, sale/transfer, change of name, etc. During the period April 2009 to December 2009, cost audit orders were issued on 15 companies.

v) Consequent upon the launch of MCA-21 Project under the e-Governance, companies under cost audit have started filing applications for appointment of cost auditors, through electronic mode from April, 2006. In compliance with Section 233B (2) of the Companies Act, 1956, 1346 applications were received through e-mode for approval of appointment of cost auditors during the period April 2009 to December, 2009 as against 1413 applications received during the corresponding period of the previous year. Online approval was made fully operational in July 2008 which resulted in reduction of processing time benefiting the Government as well as the applicant companies significantly. The companies find it very useful as they can check the status of their applications and take the print outs of the approvals online without waiting for letter of approval from this office. Cost involving dispatch time, postage stamps and replies to queries from the companies has been saved.

vi) Similarly, companies/cost auditors have also started filing the cost audit reports through electronic mode from April, 2006. The numbers of cost audit reports received during April 2009 to December, 2009 were 2677 as against 2685 received during the corresponding period of the previous year. This has dispensed with the requirement of wide space in the form of record rooms

for keeping hard and soft copies of the reports as were received earlier. It has also ensured proper safety of confidential information of concerned companies.

vii) The exemption from cost audit orders is granted, on year-to-year basis, in situations arising out of temporary closure of the company and/or its manufacturing facilities, negligible production/activity, etc. Similarly, withdrawal of cost audit orders is considered in case of permanent closure or sale or merger/amalgamation of production activities for the product under reference. During the period under report, 15 such cases of exemption/withdrawal were received and processed. In addition, 20 more cases of withdrawal were considered on a *suo moto* examination based on the company data/information available on the MCA website.

3.15.2 During the period April 2009 to December, 2009, 49 cost audit reports filed by the companies were shared with various user departments such as, Anti-dumping Directorate of the Ministry of Commerce & Industries, Tariff Commission, National Pharmaceuticals Pricing Authority, Competition Commission of India, etc.

3.15.3 MCA website relating to the Cost Audit Branch was duly updated during the period. Industries in which Cost Accounting Records Rules were notified under Section 209(1)(d) of the Companies Act, 1956.

Table 3.4
Industries in which Cost Accounting Records Rules were notified under Section 209(1)(d) of the Companies Act, 1956

Sl.No	Name of the Industry
(1)	(2)
1.	Aluminum
2.	Batteries other than dry cell batteries
3.	Bearings
4.	Bulk Drugs
5.	Cement
6.	Chemicals

7.	Cosmetic & Toiletries
8.	Cycle
9.	Dry Cell Batteries
10.	Dyes
11.	Electric Cables and Conductors
12.	Electric Fans
13.	Electricity Industry
14.	Electric Lamps
15.	Electric Motors
16.	Electronic Products
17.	Engineering Industries
18.	Fertilizers
19.	Footwear
20.	Formulations
21.	Industrial Alcohol
22.	Industrial Gases
23.	Insecticides
24.	Jute goods
25.	Milk food
26.	Mining and Metallurgy
27.	Motor vehicles
28.	Nylon
29.	Paper
30.	Petroleum Industry
31.	Plantation Products
32.	Polyester
33.	Rayon
34.	Refrigerators
35.	Room Air Conditioners
36.	Shaving Systems
37.	Soaps and Detergents
38.	Steel Plants
39.	Steel Tubes & Pipes
40.	Sugar
41.	Telecommunications
42.	Textiles
43.	Tyres and Tubes
44.	Vanaspati

**Restriction on Acquisition of Shares-
Section 108A**

3.16.1 Under this section, prior approval of the Central Government is required to be obtained for acquisition/transfer of shares by or to, an individual, firm group constituent of a group, body corporate or bodies corporate under the same management in relation to dominant undertaking provided there is any increase in dominance as a result of such an acquisition or transfer of shares.

3.16.2. During the period from 1.4.2009 to 31.12.2009, 1 application was received under this section and no application was pending as on 31.03.09. This application was disposed off and no application was pending as on 31.12.2009.

**Payment of Dividends out of Reserve-
Section 205A(3)**

3.17.1 Section 205A (3) of the Companies Act, 1956 makes it obligatory for a company to seek prior approval of the Central Government where owing to inadequacy or absence of profits in any year, it proposes to declare dividend out of the accumulated profits earned in the previous years and transferred to the Reserves and where declaration of dividend is not in accordance with the Companies (Declaration of Dividend out of Reserves) Rules, 1975 framed under the said section.

3.17.2 During the period from 1.4.2009 to 31.12.2009, 1 application was received under this Section, while 1 application was brought forward from the previous year. Out of the total 2 applications, 2 applications were disposed of and no application was pending for consideration as on 31.12.2009.

Payment of Dividend

3.18.1 Section 205(2)(c) of the Companies Act empowers the Central Government to approve any other basis (apart from those specified in section 205(2) (a) and 205 (2)(b) to write off by way of depreciation ninety five percent of Original cost to

the company of each depreciable asset on expiry of specified period.

3.18.2 During the period of this report i.e. from 1.4.2009 to 31.12.2009, 2 applications were received and 5 applications were brought forward from the previous year. Out of the total 7 applications, 2 applications were disposed of and 5 applications were pending as on 31.12.2009.

Accounts of Subsidiaries

3.19.1 Section 212 of the Companies Act provides that the Balance Sheet of a holding company should include certain documents of its subsidiaries. However, sub-section(8) thereof empowers Central Government to exempt a holding company from the requirements of including in Balance Sheet, the said particulars of subsidiary companies.

3.19.2 During the period from 1.4.2009 to 31.12.2009, 354 applications were received and 220 applications were brought forward from the previous year. Out of the total 574 applications, 547 applications were disposed of and 27 applications were pending as on 31.12.2009.

**Appointment of Sole Selling Agents:
Section 294-AA**

3.20.1 Sub-Section 294AA(1) of the Companies Act, 1956 requires that where the Central Government is of the opinion that the demand for goods of any category is substantially in excess of the production or supply of such goods and that the services of the Sole Selling Agents will not be necessary to create a market for such goods, the Central Government may, by notification in the Official Gazette, declare that Sole Selling Agent shall not be appointed by a company for the sale of such goods for such period as may be specified in the declaration. At present, the said prohibition on appointment of Sole Selling Agents exists only, in respect of 'Bulk Drugs, Drugs and Formulations which has been extended for a period of three years w.e.f. 5.4.2007 vide Notification No. GSR 272(E) dated 5.4.2007.

3.20.2 Sub-sections (2) and (3) of Section 294-AA of the Companies Act, 1956 require the companies to obtain approval of Central Government for appointment of Sole Selling Agents. Sub-section (2) applies to those companies, in which the Sole Selling Agents either by themselves or through their relatives, hold paid-up-capital of Rs. 5 lakhs or 5 per cent of the paid-up-capital of the company, whichever is less. Sub-section (3) applies to the companies whose paid-up capital is Rs. 50 lakhs or more.

3.20.3 During the period from 1.4.2009 to 31.12.2009, 9 applications were received under sub-sections (2) & (3) of Section 294AA of the above said Act while 8 applications were brought forward from the previous year. Out of the total 17 applications, 15 applications were disposed of and 2 applications were pending at various stages of consideration as on 31.12.2009.

Loans to Directors and Relatives:

3.21.1 Section 295 of the Companies Act, 1956 requires all public companies or their subsidiaries to obtain the previous approval of the Central Government before making any loan to, or giving any guarantee or providing any security in connection with a loan made by any other person to, or to any other person by their directors, relatives of such directors, firms or private Companies in which such directors are interested and to other body corporate falling within the ambit of clauses (d) & (e) of sub-Section (1) of the said Section.

3.21.2 During the period from 1.4.2009 to 31.12.2009 the Central Government received 39 applications under this section and 17 applications were brought forward from the previous year. Out of these 56 applications, 30 applications were disposed of and 26 applications were pending as on 31.12.2009.

Amalgamation of Government Companies

3.22 During the period under report no new case was received. 7 cases brought forward from the

previous year were considered under Section 391-394 and 396 of the Companies Act, 1956. Out of these 7 cases, 1 case was disposed of and 6 cases were pending as on 31.12.2009.

Reduction of Share Capital

3.23 During the period from 1.4.2009 to 31.12.2009, 1 application was received and 2 applications were brought forward from the previous year. Out of the total 3 applications, 1 application was disposed of and 2 applications were pending under Section 101 of the Companies Act, 1956 as on 31.12.2009.

Exemption from Disclosing the Quantitative Details

3.24 During the period from 1.4.2009 to 31.12.2009, 105 applications were received and 76 applications were brought forward from the previous year. Out of the total 181 applications, 177 applications were disposed of and 4 applications were pending under Section 211 (4) of the Companies Act, 1956 as on 31.12.2009.

Nidhi Companies – Section 620-A

3.25.1 Under this section the Central Government is empowered to declare by notification in the official gazette certain special type of Non-Banking Financial Companies as “Nidhi companies” or “Mutual Benefit Societies” as the case may be and direct that certain provisions of the Companies Act, 1956 shall not apply and/or, as the case may be, shall apply with certain exceptions, modifications and adaptations to the said Nidhi companies. The Central Government vide its Notification GSR 522(E) dated 14.07.2009 declared 11 companies as Nidhi companies. With this, the total number of companies notified as Nidhi as on 31.12.2009 is now 368.

3.25.2 During the period from 1.4.2009 to 31.12.2009 the Central Government received 11 applications under Section 620A of the Companies Act, 1956 and 6 applications were brought forward from the previous year. Out of these 17

applications, 14 applications were disposed of and 3 applications were under process/examination of the Central Government as on 31.12.2009.

Accord of Approval for granting contracts under Section 297(I)

3.26.1 Section 297(1) of the Companies Act, 1956, as amended by the Companies (Amendment) Act, 1974 which came into force with effect from 1st February, 1975, makes it obligatory for companies having paid-up share capital of not less than Rs. 1 crore to seek prior approval of the Central Government in respect of any contract to be entered into (a) for sale, purchase or supply of goods, material or service or supply of goods, material or service or (b) for underwriting the subscription of any share or debentures of the company with a Director of the company or his relatives, a firm in which such a Director or relative is a partner, any other partner in such a firm or a private company of which a Director is a Member or Director. The powers of Central Government

to accord approval under Section 297(1) of the Companies Act, 1956 have been delegated to Regional Directors with effect from 19.8.1993. This has been done with the twin purposes of decentralization and expeditious disposal.

3.26.2 During the period from 01.04.2009 to 31.12.2009, Regional Directors considered 1,666 applications including 396 applications brought forward from the previous year. Out of these, 1,433 applications have been disposed of and the balance of 233 applications were pending with Regional Directors as on 31.12.2009.

Applications considered and disposed of by the Regional Directors and Registrars of Companies

3.27 The powers and functions of the Central Government in respect of some Sections of the Companies Act, 1956 have been delegated to the Registrars of Companies. Disposal of applications dealt with by the Registrars of Companies under the delegated powers is shown in the Table given below.

Table 3.5
Applications considered and disposed of by the Regional Directors and Registrars of Companies under various Sections of the Companies Act, 1956.

Sl.No	Section of the Companies Act and the subject matter of the application	Pending as on 31.3.2009	Received during the period 01.04.2009 to 31.12.2009	Total (Col 3 +4)	Disposed during the period 01.04.2009 to 31.12.2009	Pending as on 31.12.2009.
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1.	Section 21 change of name	538	6442	6980	6326	654
2.	Section 22 Rectification of name.	70	56	126	31	95
3.	Section 25 Grant of license	113	268	381	270	111
4.	Section 25(8) alteration in the Memorandum and Article of Association.	40	63	103	71	32

5.	Section 31 alteration in Articles through special resolution.	198	2144	2342	2280	62
6.	Section 43A(4)- Private company to become public company in certain cases.	00	06	06	06	00
7.	Section 224 (3) and 224 (7) appointment and remuneration to auditors	15	20	35	22	13
8.	Section 394-A amalgamation of companies (public/private companies by RD)	140	834	974	798	176
9.	Section 555 (7) (b) company liquidation accounts.	779	256	1035	138	897
10.	Section 560 striking of name of the companies in the Register maintained by ROC.	31878	12637	44515	17990	26525

Liquidation of Companies (Applications received by Official Liquidators)

3.28 6155 companies were under liquidation as on 31.03.2009 and 124 new companies were ordered for liquidation from 01.04.2009 to 31.12.2009. After taking into account 174

companies which were finally wound up, the total numbers of companies under liquidation as on 31.12.2009 were 6105. The break up of the companies in liquidation as per their mode of winding up as on 01.04.2009 to 31.12.2009 is given in Table 3.6 below:-

Table 3.6
Distribution of the companies in liquidation by their mode of winding up during 1.4.2009 to 31.12.2009

Sl. No	Subject	Pending as on 31.03.2009	Received during the period 01.04.2009 to 31.12.2009	Total (Col 3 +4)	Disposed during the period 01.04.2009 to 31.12.2009	Pending as on 31.12.2009
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1.	Members Voluntary winding up	1282	21	1303	59	1244
2.	Creditors Voluntary winding up	112	-	112	-	112
3.	Winding up by Court	4758	103	4861	115	4746
4.	Winding up subject to supervision of Court.	03	-	03	-	03
	Total	6155	124	6279	174	6105

CHAPTER – IV

THE MONOPOLIES AND RESTRICTIVE TRADE PRACTICES ACT, 1969 POLICY, PROVISIONS AND PERFORMANCE

4.1.1 The provisions of the Monopolies and Restrictive Trade Practices Act (hereafter referred to as 'Act') are designed to ensure that the working of the economic system does not result in the concentration of economic power to the detriment of people, to facilitate economic growth with justice, and to check monopolistic, restrictive and unfair trade practices in the economy. The Act applies to the whole of India, except the State of Jammu & Kashmir and Sikkim.

4.1.2 Although the nomenclature of the MRTP Act does not contain any reference to the consumer or their welfare, yet it is primarily oriented to achieve that objective by way of monitoring and curbing monopolistic, restrictive and unfair trade practices which have a significant bearing on consumer welfare and their satisfaction. It seeks to create an environment which is conducive to the healthy growth of industry, fair trade and business and above all fair competition. The statute endeavors to ensure that the suppliers of goods and those engaged in rendering services of different types do not indulge in unfair or objectionable trade practices. It thereby encourages fair competition, fair play and competitive efficiency in business and strengthens the position of the consumers in their dealings with producers and suppliers of goods and services.

4.1.3 The restrictive trade practice are defined in Section 2(o) of the MRTP Act. This Section visualizes the following three situations detrimental to public interest:-

- i) the trade practice which has the effect of preventing, distorting or restricting competition;
- ii) the trade practices which tend to obstruct the flow of capital or resources into the stream of production; and

- iii) manipulation of prices, or conditions of delivery or to affect the flow of supplies in such manner as to impose on the consumers unjustified costs or restrictions.

4.1.4 Apart from the above definition of restrictive trade practices, the trade practices mentioned in sub-section (1) of Section 33 of the Act are deemed to be restrictive trade practices under the Act.

4.1.5 Unfair Trade Practices are defined in Section 36-A of the MRTP Act. The definition is very wide and covers various types of false or misleading representations. It is an inclusive definition. The aim of the legal provisions is to protect the consumers against unfair or deceptive practices and also false and misleading representations in the media and otherwise.

4.1.6 According to the Act, the MRTP Commission can be approached by any of the stated means:-

- (i) a) a complaint by an individual; or
b) a complaint by a registered association of consumers; or
c) a complaint by a trade association; or
- ii) a reference by the State or Central Government; or
- iii) an application by the Director General (I&R);

4.1.7 Besides above, the Commission can take cognizance of restrictive, unfair or monopolistic Trade Practices upon its own knowledge or information received from any source and initiate appropriate action.

4.1.8 There can be cases in which a restrictive or unfair trade practice is adopted against an individual consumer unintentionally or due to

ignorance of the provisions of the MRTP Act. In such cases and also in some other cases, complaints of consumers or other aggrieved persons are placed before appropriate Bench of the Commission for judicial orders. It has been noticed that in a large number of cases, the complainee satisfies the consumers on the intervention of the Commission and since the complainant gets the needed relief, no further action is taken. In that way, relief has been received by innumerable number of consumers/customers by approaching the Commission. Such cases pertain to refund in respect of booking amount of scooters, cars, repair or replacement of refrigerators, television sets, repair of cars during the warranty period and other items of common use and consumer durables. Similarly, there have been cases of successful intervention related to booking of flats, plots and other disputes relating to property etc.

4.1.9 The Director General (I&R) is also empowered to receive complaints or take up matters for investigation suo-moto and to file applications before the Commission for the purpose of curbing monopolistic, restrictive or unfair trade practices. The Director General can also file an application for injunction under Section 12-A of the Act. Apart from the Director General, investigation can also be conducted by any Officer of the Commission not below the rank of Assistant Director.

4.1.10 In case of violation of the orders of the Commission passed under section 36-D and section 37 of the Act, prosecution proceedings can be initiated in a Court of Sessions under Section 48-C and Section 50 of the Act respectively. In respect of violations related to injunctions, the guilty can be punished by the Commission under Order 39 Rule-2A of the Civil Procedure Code, 1908 read with Section 13-B of the Act to punish for contempt of itself and for this purpose provisions of Contempt of Courts Act, 1971, apply subject to certain modifications. As on 14-10-2009, 26 cases of contempt were pending.

4.1.11 On 27th September, 1991 the Government issued a notification under Section 3 of the Act to the effect that the Act shall apply to all Public Sector Undertakings, Co-operatives and Financial Institutions. However, the trade unions or other associations of workmen or employees formed for their own reasonable protection have been kept outside the purview of the Act. Similarly, undertakings engaged in the production of arms and ammunition and allied items of defence equipment, defence aircraft and warships, atomic energy and minerals specified in the schedule to the Atomic Energy (Control of Production and Use) Order, 1953 and Industrial Units under the Currency and Coinage Division, Ministry of Finance, Department of Economic Affairs, have been kept out of the purview of the Act.

4.1.12 The MRTP Act was set to be repealed by the passing of the Competition Act, 2002. Certain amendments were made to the Competition Act, 2002 in the year 2007. As per these amendments MRTP Commission established under MRTP Act, 1969 was to continue to function for two years after repeal of MRTP Act, 1969, to dispose the pending cases before the MRTP Commission.

4.1.13 Further, certain changes were made to the Competition Act, 2002 by way of an ordinance, the Competition (Amendment) Ordinance, 2009. As per this ordinance the MRTP Act was repealed with effect from 1st September, 2009 and the MRTP Commission stands dissolved with effect from 14th October, 2009.

Working of the Commission

4.2 Pursuant to the Monopolies and Restrictive Trade Practices (Amendment) Act, 1991 the requirement of pre-entry clearance for expansion, establishment of new undertakings, amalgamation, merger and take over under the MRTP Act was removed. This resulted in deletion of Sections 20 to 26 (Part – A of Chapter-III of the Act). Sections 27, 27-A and 27-B in Chapter-III, however, have been retained subject to certain amendments. These Sections deal with a possible enquiry by the Commission and subsequent action

by the Government under certain circumstances to direct severance of inter-connection between undertakings.

Enquiries Relating to Monopolistic Trade Practices

4.3 As on 1st April, 2009, 5 enquiries under sub-section (b) of Section 10 were pending. No enquiry was instituted during the year. One enquiry was disposed and as such 4 enquires were pending at the end of the year. The Commission did not receive any reference from the Central/State Government under Section 31(1) of the MRTP Act. Thus at the end of the year 4 MTP enquiries were pending.

Miscellaneous Complaints/Reports Regarding Trade Practices Received by the Commission

Restrictive/Unfair Trade Practices (Combined Information):

4.4.1 As on 31-03-2009, 1056 complaints were pending and 106 new complaints were received by the Commission up to 14.10.2009, making a total of 1162 complaints to be dealt with during the year. Out of these, 1032 complaints were disposed of and the proceedings in respect of them were closed. At the end of 14.10.2009, 130 complaints were pending for disposal.

4.4.2 The position of the investigation cases referred to the Director General (I&R) (DG) and Director (Research) during the year under review is presented in the Table 4.1.

Table 4.1

Sl. No.	No. of cases pending as on 01-04-2009	No. of new cases referred during the year (01.04.09 to 14.10.09)	No. of cases in which investigation Reports were received	No. of cases pending with DG as on 14-10-2009
(1)	(2)	(3)	(4)	(5)
RTP Investigations	12	02	03	11
UTP Investigations	59	52	31	80

4.4.3 Public Sector Undertakings, co-operative societies, financial institutions etc. have also become subject to the provisions of MRTP Act, 1969 w.e.f. 27-09-1991. Hitherto anomaly which used to exist between the private sector and public sector has since been removed. The data relating

to complaints/applications/reports etc. given in the report is inclusive of cases relating to public sector and cooperative societies.

4.4.4 Positions of enquiries relating to Restrictive Trade Practices is presented in table 4.2.

Table 4.2

SI.No.	Section of the Act	No. of Enquiries pending as on 31.03.2009	Enquiries instituted during the Period 01.04.09 to 14.10.09	Enquiries disposed of during period 01.04.09 to 14.10.09	No. of enquiries pending as on 14.10.09
(1)	(2)	(3)	(4)	(5)	(6)
1.	10(a)(i)	211	15	25	201
2.	10(a)(ii)	1	0	0	1
3.	10(a)(iii)	47	3	3	47
4.	10(a)(iv)	32	1	8	25
	Total	291	19	36	274

4.4.5 Position of enquiries relating to Unfair Trade Practices is presented in Table 4.3.

Table 4.3

SI.No.	Section of the Act	No. of Enquiries pending as on 31.03.2009	Enquiries instituted during the Period 01.04.09 to 14.10.09	Enquiries disposed of during the period 01.04.09 to 14.10.09	No. of enquiries pending as on 14.10.09
(1)	(2)	(3)	(4)	(5)	(6)
1.	36-B(a)	435	38	18	455
2.	36-B(b)	0	0	0	0
3.	36-B(c)	19	16	0	35
4.	36-B(d)	292	50	22	320
	Total	746	104	40	810

4.4.6 It has been the endeavour of the Commission to adjudicate restrictive/ unfair trade practices cases keeping in view the objective/spirit of the Act, including consumers' interest and public interest.

Temporary Injunction :

4.5.1 Section 12-A of the MRTP Act empowers the Commission to grant temporary injunctions. Where during an enquiry before the Commission, it is proved that any undertaking or any person is carrying on, or is about to carry on any

monopolistic or restrictive or unfair trade practice and such practice is likely to affect prejudicially the public interest or interest of any trader, class of traders or traders generally or any consumer or consumers generally, the Commission may, for the purpose of staying or preventing the undertaking or, as the case may be, such person from causing such prejudicial effect, by order, grant temporary injunction restraining such undertaking or person from carrying on any monopolistic, restrictive or unfair trade practice until the conclusion of such enquiry or until further orders.

4.5.2 During the year under review, the Commission dealt with the applications seeking injunction under Section 12-A as shown in the Table 4.4.

Table 4.4

Applications pending as on 01.04.2009	Applications received during the period from 01.04.2009 to 14.10.2009	Applications disposed of during the period from 01.04.2009 to 14.10.2009	Applications pending as on 14.10. 2009
(1)	(2)	(3)	(4)
37	37	44	30

Powers of the Commission to Award Compensation:

4.6.1 Where as a result of the monopolistic, restrictive or unfair trade practice, carried on by any undertaking or any person, any loss or damage is caused to the Central Government or any State Government or any trader or class of traders or any consumer, such Government or, as the case may be, trader or class of traders or consumers may, make an application to the

Commission for an order for the recovery from the undertaking or owner thereof or, as the case may be, from such person, of such amount as the Commission may determine, as compensation for the loss or damage so caused. The provisions of Section 12-B of the MRTP Act apply to compensation cases.

4.6.2 During the year under review, the Commission handled compensation applications as shown in the Table 4.5.

Table 4.5

Applications pending as on 01.04.2009	Applications received during the period 1.4.2009 to 14.10.2009	Applications disposed of during the period 1.4. 2009 to 14.10.2009	Applications pending as on 14.10.2009
(1)	(2)	(3)	(4)
1155	67	41	1181

4.6.3 As stated earlier in the report, the Commission is empowered to initiate Contempt of Court proceedings for which powers under the Contempt of Court Act, 1971 are conferred as per

Section 13-B of the Act. During the period under review the Commission dealt with contempt applications as shown in the Table 4.6.

Table 4.6

Applications pending as on 01.04.2009	Applications received during the period 1.4.2009 to 14.10.2009	Applications disposed of during the period 1.4. 2009 to 14.10.2009	Applications pending as on 14.10.2009
(1)	(2)	(3)	(4)
27	4	5	26

4.7 The MRPT Act 1969 has been repealed w.e.f. 01.09.2009 after the notification of Section 66; competition Act 2002. The MRTPC stands fully

dissolved w.e.f. 14.10.2009 under the competition (Amendment) Act, 2009.

CHAPTER – V

ALLIED LEGISLATIONS

The Chartered Accountants Act, 1949

5.1.1 The Chartered Accountants Act was enacted in 1949 to regulate the profession of Chartered Accountants and, for that purpose, to establish an institute. The Institute of Chartered Accountants of India (ICAI) was accordingly established in July, 1949, in terms of the provisions of the Act.

5.1.2 The main objects of the Institute of Chartered Accountants of India are prescribing qualifications for membership holding examination and arranging practical training of candidates for enrolment, maintenance and publication of Register of Members qualified to practice the profession, carrying on activities for development of the profession and regulation and maintenance of status and standard of professional qualification of the Members. The Institute conducts examinations all over the country, provides postal/oral coaching and, arranges practical training, enabling students to qualify for the profession.

5.1.3 The affairs of the Institute are managed by its Council which also discharges the functions assigned to it under the Chartered Accountants Act. The Council is composed of not more than 24 persons elected by the members of the Institute and six persons nominated by the Central Government.

The Cost and Works Accountants Act, 1959

5.2.1 The Cost and Works Accountants Act was enacted in 1959 to regulate the profession of Cost and Works Accountants and for that purpose to establish the Institute of Cost and Works Accountants. The Institute of Cost and Works Accountants of India (ICWAI) was accordingly established in May, 1959, in terms of the provisions of the Act.

5.2.2 Under Cost and Works Accountants Act, 1959, the duties of carrying out the provisions of the Act are vested with the Council of the Institute of Cost and Works Accountants of India which is

constituted under Section 9 of the Act. The Council is composed of not more than 12 persons elected by the members of the Institute and not more than 4 persons nominated by the Central Government. Accordingly, the Central Government has nominated 4 persons on the Council of the Institute.

The Company Secretaries Act, 1980

5.3.1 The Company Secretaries Act was enacted in 1980 to regulate and develop the profession of the Company Secretaries and for that purpose to establish the Institute of Company Secretaries of India (ICSI). The Institute of Company Secretaries of India was established in January, 1981.

5.3.2 Under the Company Secretaries Act, 1980, the duties of carrying out the provisions of the Act are vested with the Council of the Institute of Company Secretaries of India, which is constituted under Section 9 of the Act. The Council is composed of not less than 12 persons elected by the Members of the Institute and not more than 4 persons nominated by the Central Government. Accordingly, the Central Government has nominated 4 persons on the Council of the Institute.

Professional Services

5.4 The Professional Services are provided by the members of the Institute of Chartered Accountants of India (ICAI), the Institute of Cost and Works Accountants of India (ICWAI) and the Institute of Company Secretaries of India (ICSI). To ensure that in this changing economic scenario, the professionals do their job with due diligence, and are able to exploit new opportunities becoming available, the Parliament passed the Chartered Accountants (Amendment) Act, 2006, the Cost and Works Accountants (Amendment) Act, 2006, and the Company Secretaries (Amendment) Act, 2006. These Acts are proposed to be amended to incorporate Limited Liability Partnership as a vehicle for professional bodies.

The Competition Act, 2002

5.5 In accordance with the provisions of the Competition Act, 2002, the Competition Commission of India was established on 14th October, 2003. While the process of the making the Competition Commission functional was being undertaken, the Competition Act met with the legal challenges. The Supreme Court of India delivered its judgement on the writ petition filed in this regard in January, 2005. Keeping in view the judgement of the Supreme Court, the proposals for amendment to the Competition Act, 2002 were framed and moved which were finally approved by the Parliament in its Monsoon Session, 2007. The Competition Commission of India has been fully constituted as per the provisions of the Act with the appointments of the Chairperson and four Members. The amended Act provided for establishment of Competition Appellate Tribunal also. Accordingly, the Competition Appellate Tribunal was set up on 19th October, 2009. Parliament also passed the Competition (Amendment) Bill 2009 which was to replace the Competition (Amendment) Ordinance 2009 to further amend section 66 of the Competition Act, 2002. All the pending cases on which the Monopolies And Restrictive Trade Practices Commission (MRTPC) was to continue to exercise jurisdiction for two years after repeal of the MRTP Act will be adjudicated by Competition Appellate Tribunal in accordance with the provisions of the repealed MRTP ACT as if the Act had not been repealed.

Valuation Professionals Bill, 20**

5.6 Ministry of Corporate Affairs placed on its website on 8th June, 2007 a concept paper on the Council of Valuation Professionals of India Bill, 20** proposing provisions for the regulation of valuation professionals, for seeking suggestions and comments from the general public. The Comments received were referred to a Committee of professionals and on the basis of their recommendations, a draft Bill was prepared. The draft Bill was referred by the Ministry to an expert group to advise the Government on Statutory framework for regulation of valuation professionals. The report of the Expert Group has

been received and is under examination of the Ministry.

The Societies Registration Act, 1860

5.7 The Societies Registration Act, enacted in 1860, provides for the registration of Literary, Scientific and Charitable Societies, so as to improve the legal status of such societies. The Act required that societies established for promotion of literature, science or fine arts, or in the diffusion of useful knowledge or for charitable purpose, register themselves by filing their Memorandum of Association with Officers specified in the Act. Most of the States have enacted amendments to the Societies Registration Act. The amendments also include registration of societies in the respective states by the Registrar of Societies or by other officers appointed by the State Government for the purpose.

Indian Partnership Act, 1932

5.8 The Indian Partnership Act was enacted in 1932 with a view to define and amend the law relating to partnership apart from providing the nature of partnership, relating to partners with one another and with third parties. The Act also provides for registration of the firms with the Registrars appointed by the State Governments for the purpose. The Act makes separate provisions for registration of firms with the income tax officers concerned for the purpose of the Income Tax Act.

The Companies (Donation to National Funds) Act, 1951

5.9 The Companies (Donations to National Funds) Act was enacted in 1951. The Act enables any company, notwithstanding anything contained in the Companies Act or any other law, and also notwithstanding the contents of the Memorandum and Articles of Association of any Company, to make donations to any fund established for a charitable purpose as approved by the Central Government. The Central Government has approved the Gandhi National Memorial Fund and the Sardar Vallabhbhai Patel National Memorial Fund as eligible to receive donations.

CHAPTER – VI

STATISTICAL REVIEW OF CORPORATE SECTOR

Companies at Work

6.1 8,21,212 companies limited by shares were at work in the country as on 31.12.2009. These comprised 8,19,580 Non-Government companies and 1,632 Government companies. Out of 8,21,212 companies limited by shares at work, 83,010 companies were public limited and 7,38,202 were private limited companies. State-wise distribution of companies limited by shares at work as on 31st December, 2009 is given in Statement-I.

New Registration

6.2.1 46,093 companies limited by shares with authorised capital of Rs. 23,474.19 crore were registered under the Companies Act, 1956 during the period from 1st April, 2009 to 31st December, 2009. Out of these, 50 were Government companies with authorized capital of Rs. 4690.75 crore and 46,043 were Non-Government companies with authorized capital of Rs. 18783.44 crore.

6.2.2 The Government companies limited by shares which were registered during the period from 1st April, 2009 to 31st December, 2009 comprised 38 public limited companies and 12 private limited companies with authorized capital

of Rs.4608.70 crore and Rs. 82.05 crore respectively. The Non-Government companies limited by shares which were registered during the period from 1st April, 2009 to 31st December, 2009 comprised 1,347 public limited companies and 44,696 private limited companies with authorized capital of Rs. 9392.17 crore and Rs. 9391.27 crore respectively.

Liquidation

6.3 During the period from 1st April, 2009 to 31st December, 2009, a total of 6,486 Non-Government companies limited by shares were reported to have gone into liquidation or to have been struck off under Section 560 (5) of the Companies Act, 1956.

Foreign Companies

6.4 2,903 foreign companies, as defined under Section 591 of the Companies Act, 1956 were in the country as on 31.03.2009. During the period from 1st April, 2009 to 31st December, 2009 another 208 foreign companies established their place of business in India and 6 foreign companies have ceased to have their principal place of business in India. Thus there were 3,105 foreign companies in India as on 31.12. 2009.

6.5 Statistical information given is as generated under MCA21 system.

STATEMENT – I

**Companies Limited by Shares at work as on 31st December, 2009
(State-wise Distribution)**

Sl. No.	STATE / UT	Public	Private	Total
		No.	No.	No.
(1)	(2)	(3)	(4)	(5)
1	ANDHRA PRADESH	6,789	54,393	61,182
2	ASSAM	708	5,290	5,998
3	BIHAR	1,151	7,670	8,821
4	CHHATISGARH	348	3,323	3,671
5	GUJARAT	5,874	41,300	47,174
6	HARYANA	992	8,541	9,533
7	HIMACHAL PRADESH	329	2,304	2,633
8	J & K	236	2,162	2,398
9	JHARKHAND	348	3,935	4,283
10	KARNATAKA	2960	38,738	41,698
11	KERALA	1,522	16,567	18,089
12	MADHYA PRADESH	1,347	11,260	12,607
13	MAHARASHTRA	15,646	1,64,081	1,79,727
14	MANIPUR	40	149	189
15	MEGHALAYA	126	548	674
16	MIZORAM	7	48	55
17	NAGALAND	31	233	264
18	ORISSA	840	7,420	8,260
19	PUNJAB	2,231	13,882	16,113
20	RAJASTHAN	1,796	23,734	25,530
21	TAMIL NADU	7,187	58,226	65,413
22	TRIPURA	25	125	150
23	UTTAR PRADESH	4,671	23,609	28,280
24	UTTARNCHAL	278	1,885	2,163
25	WEST BENGAL	10,004	87,746	97,750
26	A & N ISLANDS	4	123	127
27	ARUNACHAL PRADESH	26	269	295
28	CHANDIGARH	1,222	5,965	7,187
29	D & N HAVELI	57	211	268
30	DAMAN & DIU	53	136	189
31	DELHI	15,802	1,48,159	1,63,961
32	GOA	250	4,854	5,104
33	LAKSHDWEEP	0	10	10
34	PUDUCHERRY	110	1,306	1,416
	Total	83,010	7,38,202	8,21,212

CHAPTER – VII

TOWARDS INTERACTIVE AND RESPONSIVE ADMINISTRATION

7.1 In its pursuit towards a more responsive, transparent and dynamic environment in the Headquarters and in the field offices, the Ministry of Corporate Affairs has undertaken several innovative measures and mechanisms.

E-Governance

7.2.1 Implemented as a Mission Mode Project of the Government of India under National e-Governance Plan (NeGP), MCA21 eGovernance Project focuses on prompt and efficient delivery of services. The project is fully operational from all 20-registry locations. During the year 2009, E-stamping has been introduced in MCA21 portal. This has enabled the stakeholders to make

payment of stamp duty on MCA21 portal itself. The revenue collected by way of stamp duty is remitted to RBI at the end of the week and the RBI remit the same to the respective State Government within a day time.

7.2.2 During the year, a number of initiatives were taken in this direction. 16 e-forms were revised to improve the operational efficiency and enhance compliance. Operation of the system was switched over from the Data Centre in Delhi to the Disaster Recovery Centre in Chennai to establish that the disaster recovery center is fully geared to handle full MCA21 processing in case of a disaster. Following operational statistics bring out the stability in the system, increased volume of filings and improved compliance:

Filing Status as on December 31, 2009

Sl. No.	Description	Number
(1)	(2)	(3)
1	Average portal hits per day	40 Lakh
2	Total filings through the system till 31.12.2009	93.33 Lakh
3	Maximum number of documents filed on a day (30-10-2009)	48947
4	Number of companies registered online	222537
5	Total DIN issued till date	11.74 Lakh
6	Company records viewed online	9.03 Lakh
7	Number of Balance Sheets filed	15.08 Lakh
8	Number of Annual Returns filed	15.18 Lakh
9	Number E-stamping transactions upto 31.12.2009	37743
10	Amount of E-stamp collected upto 31.12.2009	2638.62 Lakh

7.2.3 There has been a significant turn around in time for delivery of services with the

implementation of the project which is brought out from the following table :

Efficiency in Service Delivery under MCA21

Service Metrics

Type of Service	Prior to MCA21	After MCA21
Name Approval	7 days	1-2 days
Company Incorporation	15 days	1-3 days
Change of Name	15 days	3 days
Charge creation / modification	10-15 days	2 days
Certified Copy	10 days	2 days

Registration of Other Documents

Type of Service	Prior to MCA21	After MCA21
Annual Return	60 days	Instantaneous
Balance-sheet	60 days	Instantaneous
Change in Directors	60 days	1-3 days
Change in Regd. Office Address	60 days	1-3 days
Increase in Authorized Capital	60 days	1-3 days
Inspection of Public Documents	Physical appearance	On-line

International Cooperation

INDO-UK Task Force on Corporate Affairs

7.3.1 The Indo-UK alliance has been the center force in the world's economic, social and cultural legacy. The interactions between the two countries has lent to each other's ethos and culture. In the present economic scenario wherein the world economy is reportedly stumbling, the liquidity crunch, the plummeting stock marketing is a cause of concern amongst the governments across the world. India is also undergoing a reform process in the frame work applicable to the corporate sector.

7.3.2 The Ministry has been actively engaged with the Indo-UK Task Force on Corporate Governance with its counter parts in UK since 2007 and has provided a very useful for deliberations on various issues relating to Corporate Governance and regulation. The first meeting of the Indo-UK Task Force on Corporate Affairs was held on August 1, 2007 in India. In this meeting it was decided to hold meetings of Task Force

alternately in India and UK. Accordingly the second meeting was held at London and third one was held in New Delhi in 2008. In the meetings, five sub-groups were formed for the purpose of deliberations and cooperation in the following areas:-

- 1) Regulatory and Statutory issues, including Institutional Cooperation and Capacity Building
- 2) Corporate Governance
- 3) Corporate Social Responsibility
- 4) Standards in the Financial and Related Professions
- 5) Insolvency and related issues.

7.3.3 The 4th Indo-UK Task Meeting on Corporate Governance was held in London on 10-11 December, 2009. Shri R. Bandyopadhyay, Secretary, Ministry of Corporate Affairs has been nominated to attend the meeting with Indian delegations comprising of the following Institutions/ Organizations:

SI .No.	Name of Orgsnizations/Deptts
1	The Indian Institute of Corporate Affairs, (a Registered Society of the Ministry of Corporate Affairs)
2	The Institute of Company Secretary of India, New Delhi
3	The Institute of Cost and Works Accountants of India
4	The Institute of Chartered Accountants of India
5	The Associated Chambers of Commerce and Industry of India (ASSOCHAM)
6	Indian Banks' Association
7	Confederation of Indian Industry (CII)

7.3.4 A group of officials and professionals under the Lord Mayor of city of London had met the Hon'ble Minister of Corporate Affairs in the last week of October, 2009 and had discussed issues related to implementation of LLPs and the regulatory aspects of the Audit Firms. The follow up meetings with the concerned officials on the above issues were arranged alongwith the IVth meeting of Indo-UK Task Force on 9th December, 2009 in London.

7.3.5 A High Level accountancy delegation from UK under the Chairmanship of Mr. Jane Owen, Director, Trade and Investment had visited Delhi to meet Secretary, Ministry of Corporate Affairs on 21.1.2010. The group includes experts on LLP and IFRS and share the UK experience of implementation on the key points emerged out of Indo-UK Task Force on Corporate Affairs meeting held in London on 10th December, 2009. The group also exchanged views on the rate of global accounting networks in supporting global investors in capital markets, mutual recognition of audit qualification and plan for audit rotation.

7.3.6 Besides this, there were foreign visits by senior officers to attend various international Seminars/conference Programmes held outside India organized by UNCITRAL, UNCTAD, OECD, ISAR etc.

Investor Grievance Redressal Mechanism

7.4.1 A website namely www.investorhelpline.in has been sponsored and launched in September, 2006 under Investor Education and Protection Fund and created by Midas Touch Investor Association (NGO) to provide a mechanism for redressal of grievances of investors free of cost. It provides a facility to the investors to lodge their grievance on the website. It acts as an intermediary between investors and companies, stock exchanges, and other authorities. It also educates investors about their lawful right under various acts and the procedure to get them enforced. Category wise Complaints and Resolution Status from 01.04.2009 to 31.12.2009 by Investor Helpline is given in Table 7.1

Table 7.1
Investor Helpline
Category wise Complaints and Resolution Status from 01-04-2009 to 31-12-2009

Sl. No.	Type of complaint	Nature of complaint	Grievances Received	Rejected, incomplete information	Valid Grievances	Beyond Helpline Mechanism	Balance valid grievances processed	Redressed	Pending
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1.	Debenture or bond related grievances	Non-receipt of certificate, interest, redemption amount	65	10	55	23	32	19	13
2.	Fixed/ Public deposits, Collective Investment Schemes related grievances	Non-receipt of matured amounts, interest, returns, etc.	477	41	436	342	94	15	79
3.	Shareholders grievances	Non-receipt of dividend, share certificates, bonus, allotment advise, rights allotment, Annual Report, AGM notices, demat grievances, etc.	993	279	714	113	601	225	376
Total			1535	330	1205	478	727	259	468

7.4.2 Beside, a Website www.watchoutinvestors.com has been created by Prime Investors Protection Association and League, with the financial assistance from the Investor Education and Protection Fund, to help the investors protect themselves from unscrupulous promoters, companies and entities. The website is a national registry of economic defaulters and covers information on conviction by various regulatory bodies.

Settlement of Grievances of Officers and Staff

7.5 Keeping in view the need for settlement of grievances of officers and staff, a Staff Council is in place in the Ministry, which is an elected body. The Staff Council is headed by the Joint Secretary incharge of Administration. It meets at least once in 2 months and all the grievances and problems are discussed and solved in this fora itself. It has proved to be a very effective mechanism in creating a healthy atmosphere in the Ministry.

Vigilance

7.6 A separate Vigilance Section is working in the Ministry of Corporate Affairs in line with the policy of the Central Government to eliminate corruption at every level. Prompt action is taken whenever any credible complaint is received. Vigilance Awareness Week was observed in the MCA w.e.f. November, 3 to November, 7, 2009. At the beginning of the year 2009-10, 9 vigilance cases were pending. Two cases have been disposed of, during the year and no case has been initiated during the year. Out of 52 complaints, received through various sources including CVC/CBI etc., 22 complaints were disposed of during the year.

Gender Issues

7.7 As regards gender issues, no discrimination is made on the basis of gender while allocating work. The work is allocated on the basis of designation.

Representation of Scheduled Castes (SCs), Scheduled Tribes (STs) and Other Backward Classes (OBCs)

7.8.1 As part of cadre review of ICLS, 60 posts at various levels have been created on 5.11.2008. These include one post of HAG level and four posts of SAG level for which the approval was given by the Cabinet on 4.9.2008. The remaining posts are of the level JAG, STS and JTS for creation of which approval of DOPT and Department of Expenditure was obtained.

7.8.2 The Recruitment Rules in respect of ICLS have been revised in consultation with DOPT and UPSC. The revised ICLS rules have been notified vide GSR No. 772 (E) dated 5.11.2008. The ICLS has been included as one of the Group A Central Services in the Civil Services Examination 2009, to be conducted by UPSC.

7.8.3 As on 31st March 2009, there were 2267 employees working in the Ministry including its subordinate and field offices. Of these, 281 were Scheduled Castes, 133 were Scheduled Tribes, 125 were Other Backward Classes. The details of the total number of Government servants and number of SCs, STs and OBCs amongst them for the year 2008-09 are given in Table 7.2.

Table 7.2

Statement showing the total number of Government servants and number of SCs, STs and OBCs amongst them for the year 2008-09 (For the period April, 2008 to March, 2009)

Group	Total No. of employees	No. of employees out of total employees		
		SCs	STs	OBCs
(1)	(2)	(3)	(4)	(5)
Group A	227	32	12	17
Group B	257	31	14	15
Group C	1431	120	74	68
Group D	352	98	33	25
Total	2267	281	133	125

Progressive use of Hindi

7.9 Ministry of Corporate Affairs, being a regulatory ministry, is working hard to achieve its goal in regard to targets set by the Department of Official Languages to promote the use of Hindi in the official work as under:-

- (i) Almost all the staff of the Ministry of Corporate Affairs possess working knowledge of Hindi.

- (ii) The correspondence under section 3(3) of the Official Languages Act, 1963 is being done bilingually.
- (iii) As per Rajbhasha Niyam - 5, all the letters received in Hindi are replied to in Hindi only.
- (iv) To facilitate noting and drafting in Hindi and for proper usage of various Hindi formats in the official working, a workshop was held on 23.09.2009 in the Ministry. Guidance was imparted to the

- staff about the need and manner to send the prescribed reports on time and on the progressive use of Hindi.
- (v) 3rd issue of the half yearly Hindi Magazine of this Ministry "Corporate Prawahini" was published in July, 2009. Publication for the 4th issue of the magazine is under process.
- (vi) Under MCA21, every computer has been provided with the facility of bilingual software.
- (vii) Hindi Section conducted the inspection of 14 field offices of the Ministry during April, 2009 to December, 2009 to see the progressive use of Hindi in official work.
- (viii) The reconstitution of Hindi Advisory Committee for the Ministry of Corporate Affairs is under consideration.
- (ix) Hindi fortnight (Hindi Pakhwada) was celebrated in the ministry organizing many competitions viz essay writing, noting-drafting, poem recitation and debates from 14.09.2009 to 25.09.2009. The Hon'ble Minister of Corporate Affairs awarded prizes to the winners of various competitions in a function organized on 16.10.2009. The field offices of the Ministry spread all over the country also organized similar activities in their respective offices.

Publications

7.10 The Ministry's has brought out the following publications during 1.4.2009 to 31.12.2009 which are given below :-

- (a) **Annual Report on the Working & Administration of the Companies Act, 1956:** Annual Report on the Working and Administration of the Companies Act, 1956 is required to be laid before both Houses of Parliament in pursuance of the provisions of Section 638 of the Act. The 52nd Annual Report as on 31.3.2008 was laid on the Tables of both Houses of Parliament in 2009.
- (b) **Annual Report on the Working and Administration of the Monopolies and Restrictive Trade Practices Act, 1969 :** Annual Report on the Working and Administration of the Monopolies and Restrictive Trade Practices Act, 1969 is required to be laid before both Houses of Parliament in pursuance of the provisions of Section 62 of the Act. The 36th Report pertaining to the provisions of the MRTP Act, 1969 for the period from 1st January 2007 to 31st December, 2007 was laid in both Houses of Parliament in 2009.

Revenue Receipts & Expenditure

7.11 The details of the Revenue Receipts and Expenditure (Plan & Non Plan) of the Ministry of Corporate Affairs are given at Tables 7.3 and 7.4.

Table – 7.3

Revenue Receipts

(Rs. in Crore)

2006-07	2007-08	2008-09	2009-10 (upto Dec. 09)
(1)	(2)	(3)	(4)
1038.18	1304.17	1231.78	885.25

Table – 7.4

Expenditure (Plan & Non-Plan)

(Rs. in Crore)

	Actual Expenditure 2008-09	2009-10			Budget Estimates 2010-11
		Budget Estimates	Revised Estimates	Actual Expenditure (up to Dec. 09)	
(1)	(2)	(3)	(4)	(5)	(6)
Non-Plan	142.46	196.62	206.05	154.16	209.01
Plan	63.01	33.00	33.00	23.59	40.00
Total	205.47	229.62	239.05	177.75	249.01

ANNEXURES



Annexure –I

Directory of the Ministry of Corporate Affairs

Name	Designation	Telephone Numbers	
		Office	Residence
Shri Salman Khurshid	Hon'ble Minister of Corporate Affairs	23073804 23073805 23073806 (Fax) 23017152 (PH)	26322720 26849662
Shri Alok Singh	PS to MCA	-do-	-
Shri Giri Ketharaj	Addl. PS to MCA	-do-	26672677
Shri Anand Singh	APS to MCA	-do-	-
Shri M.S.Bisht	2 nd PA to MCA	-do-	-
Shri Sanjay Nain	PA to MCA	-do-	-
Shri R. Bandyopadhyay	Secretary	23382324 23384017 23384257(Fax)	23382644
Shri G.C.Pandey	Sr. PPS	-do-	24652211
Shri S.P.S. Rawat	PS	-do-	24621782
Shri P.D.Sudhakar	Special Secretary	23381226 23389088(Fax)	23388609
Shri Jagjit Singh	PS to SS	-do-	25117014
Shri A.K.Srivastava	Joint Secretary	23383180	24105445
Shri V.K.Soota	PS to JS(S)	-do-	-
Smt. Renuka Kumar	Joint Secretary	23074056	24364256
Shri B.B.Tuli	PS to JS(R)	-do-	-
Dr. Joseph Abraham	Economic Adviser	23385010	26115803
Shri Sandeep Ambastha	PA to EA	-do-	-
Shri Diwan Chand	DII	23384502	0124-2305658
Shri Dhan Raj	DII	23389602	22183294
Shri E.Selvraj	Director	23385285	-
Shri Jaikant Singh	Director	23389227	26890808
Shri M.K. Arora	Director	23389403	0120-2789791
Dr.(Smt.) Sunita Chitkara	Director(Statistics)	23389204	27314462
Ms. Nirupama Kotru	Director	23384470	0120-4281447
Smt. S. Prabhakar	Deputy Secretary	23070954	29223637
Shri U.K.Jindal	Deputy Secretary	23382386	0124-2328662
Shri V.K.Kapoor	Deputy Secretary	23389263	24104947
Shri K.L.Kamboj	Joint Director	23385285	22727187
Shri R.C.Meena	Joint Director	23389622	26198990
Shri P.K.Malhotra	Joint Director	23387263	-
Shri R.K.Meena	Joint Director	23385285	-
Shri K.Anand Rao	Joint Director	23382386	-
Shri L.K.Trivedi	Under Secretary	23389782	-
Shri J.B.Kaushish	Under Secretary	23387939	0124-2333763
Shri V.N.Gaba	Under Secretary	23389782	26891079

Name	Designation	Telephone Numbers	
		Office	Residence
Shri J.S. Gupta	Under Secretary	23389782	25226814
Shri R.C. Tully	Under Secretary	23073734	-
Shri Rajendra Singh	Under Secretary	23389298	-
Mrs. Reeta Dogra	Under Secretary	23386065	-
Shri B.P.Bimal	Under Secretary	23381243	-
Shri Sanjay Shorey	Deputy Director	23389522	-
Smt. P. Sheela	Deputy Director	23386065	45635447
Shri Vinod Sharma	Deputy Director	23385382	-
Shri N.K. Dua	Deputy Director	23387263	-
Shri Shyam Sunder	Deputy Director	23384657	22416398
Shri Sanjay Yadav	Asstt. Director	23389745	-
Shri Tapan Paul	Asstt. Director	23385381	-
Shri M.S. Pachouri	Asstt. Director	23387263	-
Shri P.K.Duggal	Asstt. Director	23389745	-
Shri A.K.Bunkar	Asstt. Director	23389745	-
Shri R.K.Sah	Asstt. Director	23387263	-
Smt. Monika Gupta	Asstt. Director	23387263	-
Research & Analysis Division			
Shri S.N. Tobria	Director(R&A)	23318973 (Tele-Fax)	27865117
Shri Radhey Shyam	Director (R&A)	23318972 (Tele-Fax)	26176765
Shri M.I.Kutty	Deputy Director	23318970	-
Cost Audit Branch			
Shri B.B.Goyal	Advisor(Cost)	23386003 23386284(Fax)	24100365 25125790
Shri V.K.Aggarwal	Director	23386349	-
Shri Tarun Das	Deputy Director	23386685	28546479
Shri G.Venkatesh	Deputy Director	23386349	-
Serious Fraud Investigation Office			
Shri A.K.Bishnoi	Director	24365787	
Shri R.K.Rawat	Addl. Director(Law)	24369595	-
Shri J.K.Teotia	Addl. Director	24365471	0120-4377353
Smt.Sunita Kejriwal	Addl. Director	24369505	-
Shri Devi Sharan Singh	Addl. Director	24366026	0120-2775329
Shri N.K.Bhola	Addl. Director	24369592	0120-2320218
Shri Jagannath Dass	Addl. Director	24369247	-
Shri Rajesh Sharma	Addl. Director	24369243	-
Shri T.R. Lakra	Addl. Director	24369251	-

Name	Designation	Telephone Numbers	
		Office	Residence
Competition Commission of India			
Shri Dhanendra Kumar	Chairman	23704647 Fax: 23704649	26962222
Shri H.C. Gupta	Member	23704630	27864655
Shri R. Prasad	Member	23704633	22725371
Shri P.N. Parashar	Member	23704638	120-4573029
Dr. Geeta Gauri	Member	23704634	26535457
Shri Anurag Goel	Member	23704641	23071190
Shri M.L.Tayal	Member	23704643	-
Shri S.L. Bunker	Secretary	23704651	26103529
Dr. Seema Gaur	Adviser (Eco.)	23704645	24100660
Shri R.N. Sahay	Adviser (Eco.)	23704653	-
Shri Amit Pradhan	Adviser (Law)	23704654	45671998
Shri K.K. Sharma	Adviser (Actg. DG)	23704655	-
Competition Appellate Tribunal			
Hon'ble Justice Dr. Arijit Pasayat	Chairman	23701060	24105683 24105684
Shri Rahul Sarin	Member	23701061	26877173
Smt. Parveen Tripathi	Member	23701063	29531715
Integrated Finance & Accounts Wing			
Shri S. Chandra	AS&FA	23062756 23062101(Fax)	-
Sri Vilas R. Ghodesawar	CCA	24698646	-
Company Law Board			
Justice Shri Dilip Raosaheb Deshmukh	Chairman	24366126	-
Smt. Vimla Yadav	Member (Technical)	23385874	23386983
Shri Kanthi Narahari	Member (Judicial)	044-25262792	-
Smt. Lizamma	Member (Judicial)	022-22619636	-
Shri BSV Prakash Kumar	Member (Judicial)	033-22486330	-
Shri R. Vasudevan	Member (Technical)	24366124	26260888
Shri A. Samanta Rai	Secretary	24363667	24363526
Smt. Nimmi Dhar	Under Secretary	24363667	24620774
Indian Institute of Corporate Affairs (IICA)			
Shri Jitesh Khosla	OSD	24362282	29242470
Shri N.S. Oberoi	Executive Asstt. to OSD	24362282	25139958
Shri M.K. Arora	Director	23389403	0120-2789791

Annexure - II

**Addresses of Regional Directors, Registrars of Companies and
Official Liquidators**

Regional Directors

EASTERN REGION

SHRI U.C.NAHATA
NIZAM PALACE
II MSO BUILDING, 3RD FLOOR,
234/ 4 A.J.C.BOSE ROAD
KOLKATA 700020
PHONE- 033-22877390, 22873156
FAX - 033-22470958
rdeast@sb.nic.in

NORTHERN REGION

Dr. NAVRANG SAINI
A-14, SECTOR-I,
PDIL BHAWAN,
NO DA- 201301 (UP)
PHONE 0120 2445342 43
FAX - 0120-2445341
rdnorth@sb.nic.in

SOUTHERN REGION

SHRI B.K.BANSAL
5TH FLOOR, SHASTRI BHAWAN
25, HADDUWS ROAD
CHENNAI- 600006
PHONE-044-28276381, 28276682
FAX 044 28280436
rdsouth@sb.nic.in

WESTERN REGION

SHRI RAKESH CHANDRA
EVEREST, 5TH FLOOR,
100, MARINE DRIVE,
MUMBAI - 400002
PHONE- 022-22817259, 22813780
FAX- 022 22812389
rdwest@sb.nic.in

Registrar of Companies

ANDHRA PRADESH

SHRI M.V.CI AKRANARAYANA
2ND FLOOR,
KENDRIYA SADAN, SULTAN BAZAR,
KOTI, HYDERABAD - 500195
PHONE- 040-24656114
FAX- 040-24652807
roc.hyderabad@mca.gov.in

DELHI & HARYANA

SHRI MANMOHAN JUNEJA
4TH FLOOR, IFCI TOWER,
61, NEHRU PLACE, NEW DELHI-110019
PHONE- 011-26235704
FAX- 011-26235702
roc.delhi@mca.gov.in

**ASSAM, TRIPURA, MANIPUR, NAGALAND,
MEGHALAYA, MIZOARAM, ARUNACHAL
PRADESH**

SHRI G.C.YADAV
MORELLO BUILDING
GROUND FLOOR,
KACHARI ROAD, SHILLONG - 793001,
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FAX - 0364-2211091
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GOA, DAMAN & DIU

SHRI S.K.GUPTA
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BIHAR AND JHARKHAND

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A-BLOCK, 4TH FLOOR,
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GUJARAT AND DADRA & NAGAR HAVELI

SHRI R.V.DANI
ROC BHAWAN, OPP. RJPAL PARK SOCIETY,
BEHIND ANKUR BUS STAND, NARANPURA,
AHMEDABAD-380013.
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JAMMU & KASHMIR

SHRI M.K.BAGRI
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KARNATAKA

SHRI B.N.HARISH
'E' WING, 2ND FLOOR,
KENDRIYA SAJAN,
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FAX- 080-25538531
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KERALA AND LAKSHADWEEP

SHRI S.M.AMEERUL MILLATH
COMPANY LAW BHAWAN,
1st FLOOR, BMC ROAD,
TRIKKAKARA P.O.,
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MADHYA PRADESH AND CHHATISGARH

DR. S.K.AGARWAL
A BLOCK, SANJAY COMPLEX,
3RD FLOOR, JAYENDRA GANJ,
GWALIOR - 474009
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MAHARASHTRA- I (MUMBAI)

SHRI HENRY RICHARD
"EVEREST" BUILDING,
100, MARINE DRIVE,
MUMBAI - 400002
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FAX- 022-22811977
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MAHARASHTRA – II (PUNE)

SHRI V.P.KATKAR
PMT COMMERCIAL BUILDING,
IIIRD FLOOR, DECCAN, GYMKHANA,
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ORISSA

SHRI B.MOHANTY
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PUDUCHERRY

SHRI V.SWAMIDASON
NO. 85, ELANGO NAGAR,
1ST FLOOR, III CROSS,
PUDUCHERRY - 605011
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PUNJAB, CHANDIGARH & HIMACHAL PRADESH

DR. RAJ SINGH
CORPORATE BHAWAN
PLOT NO. 4-B, SECTOR 27-B
MADHYA MARG, CHANDIGARH-160019
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roc.chandigarh@mca.gov.in

RAJASTHAN

SHRI S.P.KUMAR
132, VIJAY NAGAR PART II, KARTARPURA,
NEAR KARTARPURA RAILWAY CROSSING
JAIPUR - 302006
PHONE - 0141-2500565
FAX - 0141-2500564
roc.jaipur@mca.gov.in

**TAMILNADU – I (CHENNAI & ANDAMAN
NICOBAR ISLANDS)**

SHRI V.C.DAVEY
2nd FLOOR, SHASTRI BHAWAN
26, HADDOWS ROAD,
CHENNAI - 600006
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TAMILNADU – II (COIMBATORE)

SHRI P.RAJAGOPALAN
COIMBATORE STOCK EXCHANGE
BUILDING, 2ND FLOOR,
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COIMBATORE - 641005
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UTTAR PRADESH & UTTARAKHAND

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10/198-B, ALLENGANJ,
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WEST BENGAL

SHRI D.BANDOPADHYAY
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2nd FLOOR, 234/4, A.J.C.B. ROAD
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Official Liquidators

ANDHRA PRADESH

SHRI D. VIJAY BHASKAR
ATTACHED TO HIGH COURT OF ANDHRA
PRADESH
3-5-398, 1ST FLOOR, KENDRIYA SADAN,
SULTAN BAZAR, KOTI,
HYDERABAD-500095
PHONE :- 040-24736883, 24746360
FAX :- 040-24610514
andhrapradesh@vsnl.net

ASSAM, TRIPURA, MANIPUR, NAGALAND, MEGHALAYA, MIZORAM & ARUNACHAL PRADESH

SHRI SWADHIN BARUA
ATTACHED TO HIGH COURT OF GUWAHATI,
O/O REGISTRAR OF COMPANIES
MORELLO BUILDING, GROUND FLOOR,
KACHARI ROAD, SHILLONG-790031
PHONE :- 0364-2223665, 2222519
FAX :- 0364-2211091
swadhin.barua@mca.gov.in

BIHAR AND JHARKHAND

SHRI G C YADAV
ATTACHED TO HIGH COURT OF BIHAR
MAURYA LOK COMPLEX, BLOCK 'A',
4TH FLOOR, DAK BUNGLOW ROAD
PATNA-800001
PHONE :- 0612-2221002

DELHI & HARYANA

SHRI A.K.CHATURVEDI
ATTACHED TO HIGH COURT OF DELHI
A2,W2,CURZON ROAD BARRACKS,
KASTURBA GANDHI MARG,
DELHI-110001
PHONE :- 011-23389996, 27861027
FAX :- 011-23388405
anil.chaturvedi@mca.gov.in

GOA AND DAMAN & DIU

SHRI SANJAY KUMAR GUPTA
ATTACHED TO HIGH COURT OF GOA
COMPANY LAW BHAWAN,
EDC COMPLEX, PLOT NO.21,
PATTO, PANAJI, GOA-403001
PHONE :- 0832-2438617/18
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GUJARAT AND DADRA & NAGAR HAVELI

SHRI S B GAUTAM
ATTACHED TO HIGH COURT OF GUJARAT
JIVABHAI CHAMBER,
BEHIND POST OFFICE, ASHRAM ROAD,
NAVRANGPURA, AHMEDABAD-380009
PHONE :- 079-26581903, 26581912
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shyam.gautam@mca.gov.in

JAMMU & KASHMIR

SHRI SUDHIR KAPOOR
ATTACHED TO HIGH COURT OF J&K
405, BAHU PLAZA, 4TH FLOOR,
SOUTH BLOCK, RAI HEAD COMPLEX,
JAMMU-180012
PHONE :- 0191-2470306, 2472504
FAX :- 0191-2470306
sudhir.kapoor@mca.gov.in

KARNATAKA

SHRI ARVIND SHUKLA
ATTACHED TO HIGH COURT OF KARNATAKA
CORPORATE BHAWAN,
28-27, 12TH FLOOR, RAHEJA TOWER,
M.G.ROAD, BANAGALORE-560001
PHONE :- 050-25598571/72/73
FAX :- 080-25598674

KERELA & LAKSHADWEEP

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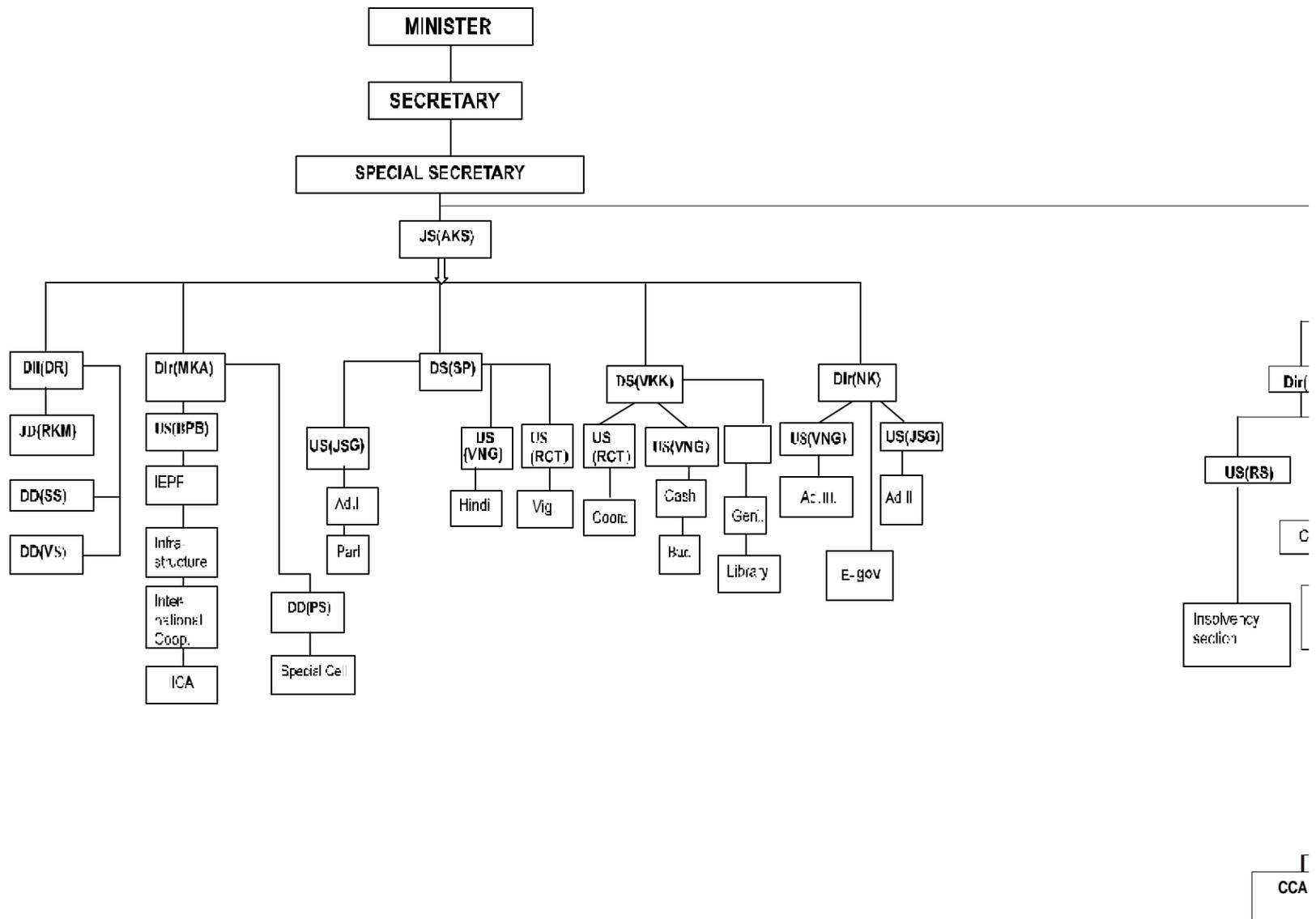
UTTAR PRADESH & UTTARAKHAND

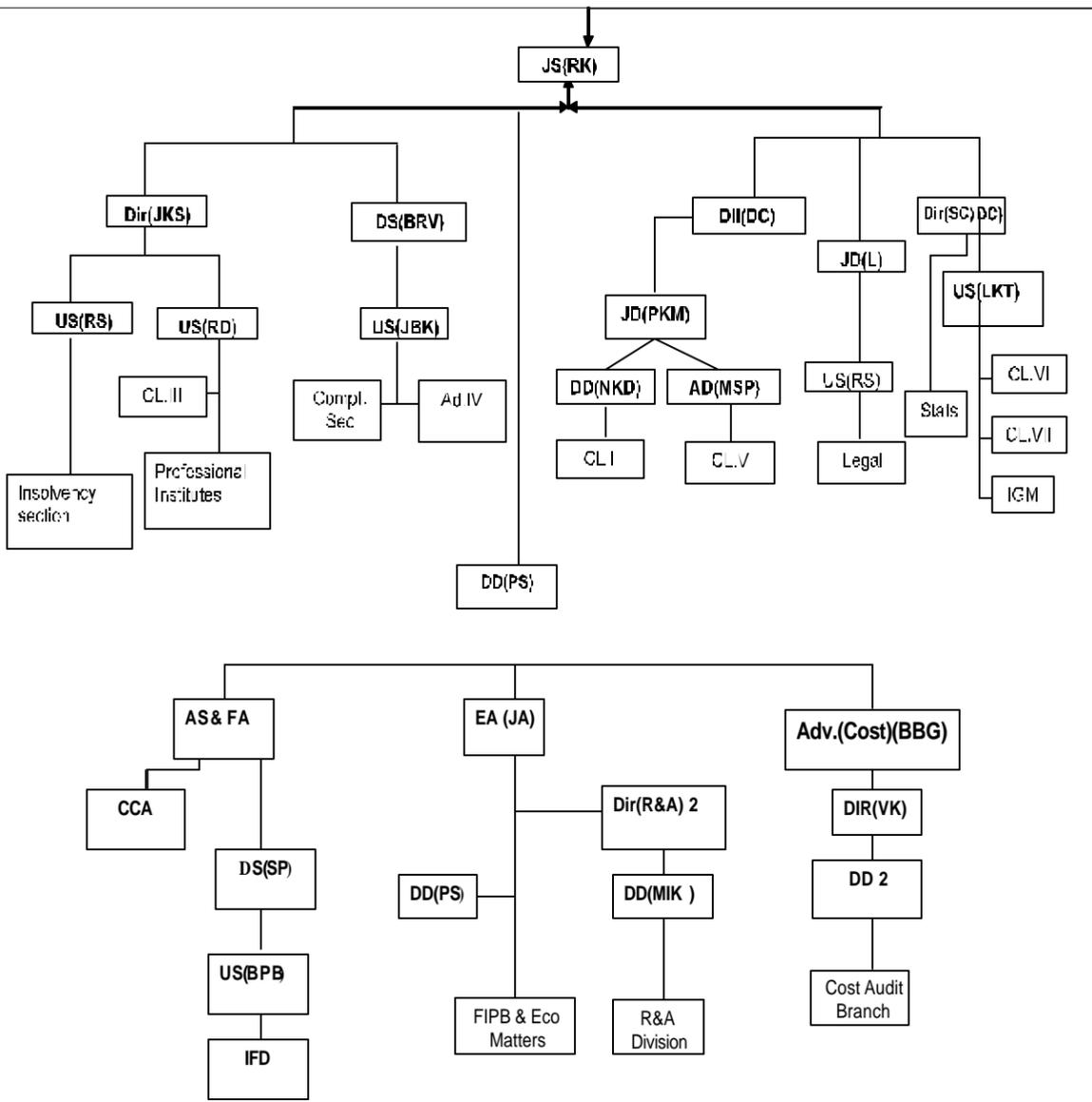
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ORGANISATIONAL CHART OF THE MINISTRY OF CORPORATE AFFAIRS





Annexure – IV

Major Functionaries of the Ministry of Corporate Affairs

SALMAN KHURSHID

Minister

R. BANDYOPADHYAY

Secretary

P.D. SUDHAKAR

Special Secretary

JS(AKS) A.K. Srivastava		JS(RK) Renuka Kumar		EA(JA) Dr. Joseph Abraham	Advisor(Cost) B.B. Goyal
DII(DR)	Dhanraj	DII(DC)	Diwan Chand	Dir(SNT) S.N.Tobria	Dir(VK) V.K. Aggarwal
Dir(MKA)	Manoj Kumar Arora	Dir(SC)	Sunita Chitkara	Dir(RS) Radhey Shyam	DD (V) G.Ver katesh
Dir(NK)	Nirupama Kotru	Dir.(JKS)	Jai Kant Singh	DD(PS) P. Sheela	DD(D) Tarun Das
DS(SP)	Savita Prabhakar	DS(BRV)	B.R. Vij	DD(IK) M.I. Kuttu	
DS(VK)	V. K. Kapoor	JD(L)	R.C. Meena	DD (Vacant-1)	
JD(KLK)	K.L. Kamboj	JD(P&M)	P. K. Malhotra	AD (Vacant-2)	
JD(RKM)	R.K. Meena	DD(PS)	P. Sheela		
DD(VS)	Vinod Sharma	US(RS)	Rajinder Singh		
DD(SS)	Sanjay Shorey	US(RD)	Rita Dogra		
DD(PS)	P. Sheela	US(J&K)	J. B. Kaushish		
US(VNG)	V.N. Gaba	US(LKT)	L.K. Trivedi		
US(JSG)	J.S. Gupta	DD(NKD)	N. K. Dua		
US(RCT)	R C Tully	AD(MSP)	M. S. Pachouri		
US(BPB)	B.P. Bimal	SO(CL-III)	Maha Singh		
AD (IEPF)	Soema Path	SO(CL-VII)	Ujwal Kumar		
SO(Infra)	Sanjeev Gupta	SOCL(VI)	R.L. Arora		
SO(Ad-I)	Ashutosh Anand	SO(PI)	Sandeep Jain		
SO(Ad-II)	Lalit Grover	SO(Comp)	Vinod Kumar		
SO(Ad-III)	Ram Baccan	SO(Legal)	U.K. Sinha		
SO(Ad-IV)	Surinder kumar	SO(IGM)	Suresh Saran		
SO (Gen.)	Kamlesh Malakar				
SO(Cash)	Bhupinder Singh				
SO(Budget)	S.L. Meghwal				
SO(Vig.)	P.K. Prabhat				
SO(Coord)	Veena Batra				
SO(Parl)	(vacant)				
SO(CL-II)	S. K. Kaushik				
SO(IFD)	Kanti Prasad				
SO(I.C.)	R.K. Dhar				
AD(Hindi)	(vacant)				
Jr. Analyst	S.Sridharan				

Chief Vigilance Officer :
A. K. Srivastava, Joint Secretary
Web Master: Nirupama Kotru, Director
S.O. Protocol: Vinod Kumar
Welfare Officer: L.K. Trivedi

Integrated Finance & Accounts Wing

AS&FA : Saurabh Chandra
CCA : V.R. Ghodeswar
DS (IFD) : Savita Prabhakar
US (IFD) : B.P. Bimal
SO (IFD) : Kanti Prasad

Annexure – V

AUDIT OBSERVATIONS

Year	Para No.	Audit Paras	Report Action Taken
2004-05	3.1.1 to 3.1.3	An appraisal of the system of levy and collection of fees by ROCs for the year 2004-05.	A reply to Audit Para was submitted to C&AG which raised some queries. Information is being collected from all RDs and ROC Kanpur.
2005-06	3.1	Retention of Public Funds outside Government Accounts(Failure of the Official Liquidators, Delhi, Kolkata, Mumbai, Bangalore, Allahabad and Jaipur to credit to the Govt. Accounts fees realized from the Liquidated Companies, resulted in keeping Rs.6.13 crore of Govt. money outside Govt. account for 1 month to 5 years and consequential loss of interest of Rs.66.53 lakh) for the year2005-06.	Draft reply sent to C&AG for vetting.
2006-07	6.10	Rush of Expenditure in respect of Grant no.16 of M/o Corporate Affairs during the month of March/Last Quarter of 2006-07.	Final reply sent to the Department of Expenditure.
	7.16	Unrealistic budgetary assumption in respect of Grant of M/o Corporate Affairs during the month of March/Last Quarter of 2006-07	Final reply sent to the Department of Expenditure
	50, 51, 52,58, 59&60	Action taken on the recommendations contained in the 80 th Report of Public Accounts Committee (PAC) (14 th Lok Sabha Sectt.) on 'Excess Over Voted Grants and charged Appropriation (2006-07)	Final reply sent to the Lok Sabha

