



**PLANNING AND ECONOMIC AFFAIRS (BPE)
DEPARTMENT**

**No. 16184/BPE-2/97/Plg., Thiruvananthapuram,
dated 18th October 1997**

CIRCULAR

Sub.- Clearing arrears in Annual Accounts of Government Companies-Government stand in the event of initiating penal action against defaulting companies-Clarification issued.

Ref.- Circular No. 17070/BPE-2/91 Plg., dated 10th February 1992.

Under the provisions of the Companies Act, the audited Annual Accounts of Government Companies have to be adopted by the Annual General Meeting within six months of the end of every financial year. Any default of the provisions is an offence punishable with imprisonment or with fine or with both. Till recently Government of India was not taking recourse to the penal provisions of the Act, and was persuading State Government to impress upon the Chief Executives of the companies to take action for speedy clearance of the arrears in compiling Annual Accounts. Accordingly detailed directions were being issued from 1990-91 onward, in addition to convening meetings of Chief Executives to discuss and suggest ways and means of clearing the arrears in the finalisation of annual accounts. Despite all these measures the progress achieved is not satisfactory.

2. In the light of the above facts, Government are constrained to reiterate the stand already taken, in the Circular cited, to the effect that in the event of Government of India initiating penal provisions of the Companies Act, the State Government will not intervene, and that the delinquent officers will be liable to pay the fine and suffer the punishment themselves.

3. Copy of the Circular cited is also enclosed for ready reference.

C.P. NAIR
Chief Secretary