

# Info Capsule

## **FM: PRESENT GOVERNMENT BROUGHT THE POLICY OF FINANCIAL INCLUSION TO THE CENTER STAGE<sup>1</sup>**

*About 30 crore accounts opened under PMJDY; No of dormant accounts come to less than 20%; Aadhar Legislation will stand the test of constitutionality; Demonetisation helped in reducing the volume of cash transactions and increase in digital payments, widening of the tax base and more formalization of the economy among others; No reverse in financial inclusion process possible for policy makers.*

The Union Finance Minister Shri Arun Jaitley said that the present Government brought the policy of financial inclusion to the centre stage and launched the Pradhan Mantri Jan Dhan Yojana (PMJDY) Scheme on a massive scale in August 2014. He said that the Government has tried to exploit the full potential of financial inclusion with the help of banks. The Finance Minister, Shri Jaitley further said that this is one area where Public Sector Banks (PSBs) did better than others. The Finance Minister was delivering the Key Note Address at the Conclave on Finance Inclusion organized by United Nations (UN) in India in the national capital today.

Speaking further on the occasion, the Finance Minister Shri Arun Jaitley said when the PMJDY was launched in August 2014, only 58% people had their bank accounts and 42% were outside the banking network. The Finance Minister, Shri Jaitley said that now the number of total bank accounts opened under PMJDY is more than 30 crore. He said that the number of zero balance accounts under PMJDY has declined from 76.81% in September 2014 to less than 20% as of now. Shri Jaitley said besides it, more than 22 crore RuPay cards have also been issued to the account holders alongwith an overdraft facility of Rs. 5000/-.

The Finance Minister Shri Arun Jaitley said that in addition to Financial Inclusion, the present Government has taken steps to provide security to the poor via life insurance under the Pradhan Mantra Jeevan Jyoti Bima Yojana (PMJJBY) and accident insurance through Pradhan Mantra Suraksha Bima Yojana (PMSBY). As on 7th August, 2017, total enrollment was 3.46 crore under the PMJJBY and 10.96 crore under PMSBY. In both schemes, close to 40 percent of the enrollees are women, the Minister added.

Speaking on the results of demonetization, the Finance Minister Shri Arun Jaitley said that it has helped in reducing the volume of cash transactions and increase in digitisation, widening of the tax base and more formalization of the economy among others. He said that post demonetization, there is emphasis to reduce overall quantum of cash in the economy.

As regards Aadhar, the Finance Minister Shri Arun Jaitley said that it has been an important leap forward for the country as now we are beginning to understand its full potential. He said that 92% of our people have Aadhar cards. Shri Jaitley further said that he is sure that Aadhar Legislation will stand the test of constitutionality. He said that Aadhar has helped in targeting the subsidies which, in turn, helped in avoiding wastage of resources. He said after implementation of Aadhar system, such Government support/subsidy is confined to the vulnerable and those who are entitled for the

<sup>1</sup> Available at: <http://pib.gov.in/newsite/erelease.aspx?relid=170754>

same. The Finance Minister said that since this financial assistance goes directly into the bank accounts of the deserving people, it has, in turn, helped in more operationalization of PMJDY bank accounts and thereby reducing drastically the number of dormant/non-operational accounts.

Concluding his Key Note Address, the Finance Minister Shri Jaitley said that the present Government has succeeded in the last three years in bringing financial inclusion on the centre stage of its political and economic agenda and in times to come, the policy makers will have to follow this direction only and will not be able to reverse this trend.

## **MINISTRY OF CORPORATE AFFAIRS (MOCA) IDENTIFIES MORE THAN ONE LAKH DIRECTORS OF SHELL COMPANIES FOR DISQUALIFICATION<sup>2</sup>**

Pursuant to the action of the Ministry of Corporate Affairs of cancellation of registration of around 2.10 lakh (2,09,032) defaulting companies and subsequent direction of the Ministry of Finance to banks to restrict operations of bank accounts of such companies by the directors of such companies or their authorized representatives, the Ministry of Corporate Affairs has identified 1,06,578 Directors for disqualification under Section 164(2)(a) of the Companies Act, 2013 as on September 12, 2017.

Ministry of Corporate Affairs is further analysing the data of these companies available with the Registrar of Companies to identify the Directors and the significant beneficial interests behind these companies. Profiles of Directors such as their background, antecedents and their role in the operations/functioning of these companies are also being compiled in collaboration with the enforcement agencies. The money laundering activities performed under the aegis of these companies are also under the scanner. The Professionals, Chartered Accountants/Company Secretaries/Cost Accountants associated with such defaulting Companies and involved in illegal activities have been identified in certain cases and the action by Professional Institutes such as ICAI, ICSI and ICoAI is also being monitored.

The above exercise is part of the strategy formulated by the Ministry of Corporate Affairs and presented to the Union Finance Minister, Shri Arun Jaitley and the Minister of State for Corporate Affairs Shri P.P. Chaudhary.

The Minister of State Shri Chaudhary is closely monitoring the situation emerging-out of cancellation of registration of such companies under the Companies Act, 2013. He is holding regular meetings with the officials of the Ministry of Corporate Affairs and its subordinate organizations such as Serious Fraud Investigation Office (SFIO), Registrars of Companies (ROCs), Department of Financial Services, Indian Banks Association and other Departments involved in the crackdown against such companies.

MOS (CA) Shri Chaudhary said that all the concerned agencies are handling this issue on priority. He said "The present Government has vowed to fight Black Money and fighting the menace of Shell Companies is an imperative element of such fight. The fight against black money shall be incomplete without breaking the network of shell companies. Possibility of using the Shell companies for laundering the black money cannot be undermined. I am happy that all the concerned agencies are handling this issue on priority. The disqualification under Section 164 of the Act is by operation of law. We are identifying the defaulting Directors of these shell companies. My officers have assured me that by the end of this month, we would be ready with the relevant details of all defaulting Directors of these shell companies. This whole exercise shall go a long way in creating an atmosphere of confidence and faith in the system paving the way for ease of doing business in India. The interest of stakeholders would be protected and the image of the country in the global business arena and fora would substantially improve."

It may be recalled that as per Section 164 of the Companies Act, 2013, any person who is or has been a director in a company which has not filed financial statements or annual returns for any

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continuous period of three financial years shall not be eligible for re-appointment as a director in that company or appointed in other company for a period of five years from the date on which the said company fails to do so. Also, Section 248 of the Act provides that, the liability, if any, of every director, manager or other officer who was exercising any powers of management and of every member of the de-registered/dissolved company, shall continue and may be enforced as if the company had not been de-registered/dissolved. Further, Section 167 of the Act provides that on suffering the aforesaid disqualification, the Director shall vacate the office.

It may be noted that prior to action against defaulting companies, there were about 13 Lakh companies in the Registry. However, after closing of around 2.10 Lakh Companies, there are about 11 Lakh companies having Active status in the Registry.

#### **Team ICSI**

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