

REPORT ON THE GROWTH OF
JOINT STOCK COMPANIES
IN
BENGAL.

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**Report on the Growth of
Joint Stock Companies
in Bengal**

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FOREWORD.

The present study on the growth of Joint Stock Companies in Bengal was originally undertaken at the suggestion of the Hon'ble Mr. N. R. Sarker, Finance Minister to the Government of Bengal. Later when the Industrial Survey Committee was appointed, I promised to place in their hands a note on company failures. The present Report prepared by Mr. D. Ghose, Assistant Industrial Intelligence Officer of this Department, contains two illuminating chapters on this subject. It is expected that on account of its comprehensive nature, the Report will be useful to the Survey Committee and to the public as well. I may mention here that in preparing this monograph, Mr. Ghose was ably assisted by the investigators appointed in connexion with the Industrial Survey Committee.

S. C. MITTER,

Director of Industries, Bengal.

April 3, 1939.

Appendices.

APPENDIX I.

Winding up by court.

162. A company may be wound up by the court—

- (i) if the company has by special resolution resolved that the company be wound up by the court;
- (ii) if default is made in filing the statutory report or holding the statutory meeting;
- (iii) if the company does not commence its business within a year from its incorporation, or suspends its business for a whole year;
- (iv) if the number of members is reduced, in the case of a private company, below two or, in the case of any other company, below seven;
- (v) if the company is unable to pay its debts;
- (vi) if the court is of opinion that it is just and equitable that the company should be wound up.

163. (1) A company shall be deemed to be unable to pay its debts—

- (i) if a creditor, by assignment or otherwise, to whom the company is indebted in a sum exceeding five hundred rupees then due, has served on the company by *causing the same to be delivered by registered post or otherwise* (leaving the same—in the old Act) at its registered office, a demand under his hand requiring the company to pay the sum so due and the company has for three weeks hereafter neglected to pay the sum or to secure or compound for it to the reasonable satisfaction of the creditor; or
- (ii) if execution or other process issued on a decree or order of any court in favour of a creditor of the company is returned unsatisfied in whole or in part; or
- (iii) if it is proved to the satisfaction of the court that the company is unable to pay its debts, and, in determining whether a company is unable to pay its debts, the court shall take into account the contingent and prospective liabilities of the company.

(2) The demand referred to in clause (i) of sub-section (1) shall be deemed to have been duly given under the hand of the creditor, if it is signed by an agent or legal adviser duly authorised on his behalf, or in the case of a firm if it is signed by such agent or by a legal adviser or any one member of the firm on behalf of the firm.

164. Where the High Court makes an order for winding up a company under this Act, it may, if it thinks fit, direct all subsequent proceedings to be had in a District Court; and thereupon such District Court shall, for the purpose of winding up the company be deemed to be "the court", within the meaning of this Act, and shall have, for the purpose of such winding up, all the jurisdiction and powers of the High Court.

APPENDIX II.**Voluntary winding up.**

203. A company may be wound up voluntarily—

- (1) When the period (if any) fixed for the duration of the company by the articles expires, or the event (if any) occurs, on the occurrence of which the articles provide that the company is to be dissolved and the company in general meeting has passed a resolution requiring the company to be wound up voluntarily;
- (2) if the company resolves by special resolution that the company be wound up voluntarily;
- (3) if the company resolves by extraordinary resolution to the effect that it cannot by reason of its liabilities continue its business, and that it is advisable to wind up and the expression "resolution for voluntarily winding up", when used hereafter in this part means a resolution passes under clause (1), clause (2) or clause (3) of this section.

204. A voluntary winding up shall be deemed to commence at the time of the passing of the resolution for voluntarily winding up.

APPENDIX III.**Removal of defunct companies from Register.**

247. (1) Where the Registrar has reasonable cause to believe that a company is not carrying on business or in operation, he shall send to the company by post a letter inquiring whether the company is carrying on business or in operation.

(2) If the Registrar does not within one month of sending the letter receive any answer thereto, he shall within fourteen days after the expiration of the month send to the company by post a registered letter referring to the first letter, and stating that no answer thereto has been received and that, if an answer is not received to the second letter within one month from the date thereof, a notice will be published in the local official Gazette with a view to striking the name of the company off the register.

(3) If the Registrar either receives an answer from the company to the effect that it is not carrying on business or in operation, or does not within one month after sending the second letter receive any answer, he may publish in the official Gazette, and send to the company by post a notice that, at the expiration of three months from the date of that notice, the name of the company mentioned therein will, unless cause is shown to the contrary, be struck off the register and the company will be dissolved.

(4) If, in any case where a company is being wound up, the Registrar has reasonable cause to believe either that no liquidator is

acting or that the affairs of the company are fully wound up, and the returns required to be made by the liquidator have not been made for a period of six consecutive months after notice by the Registrar demanding the returns, has been sent by post to the company, or to the liquidator at his last known place of business, the registrar may publish in the local official Gazette and send to the company a like notice as is provided in the last preceding sub-section.

(5) At the expiration of the time mentioned in the notice the Registrar may, unless cause to the contrary is previously shown by the company, strike its name off the register, and shall publish notice thereof in the local official Gazette of this notice, the company shall be dissolved: Provided that the liability (if any) of every director and member of the company shall continue and may be enforced as if the company has not been dissolved.

(6) If a company or any member or creditor thereof feels aggrieved by the company having been struck off the register, the court, on the application of the company was at the time of the striking off carrying on business or in operation or otherwise that it is just that the company be restored to the registrar and thereupon the company shall be deemed to have continued in existence as if its name had not been struck off; and the court may by the order give such directions and make such provision as seem just for placing the company and all other persons in the same position as nearly as may be as if the name of the company had not been struck off.

7. A letter or notice under this section may be addressed to the company at its registered office, or if no office has been registered, to the care of some director, Manager or other officer of the company, or if there is no director, manager or other officer of the company whose name and address are known to the registrar, may be sent to each of the persons who subscribed the memorandum, addressed to him at the address mentioned in the memorandum.

DIAGRAMS.

DIAGRAM I.

Number of Joint-Stock Companies registered.

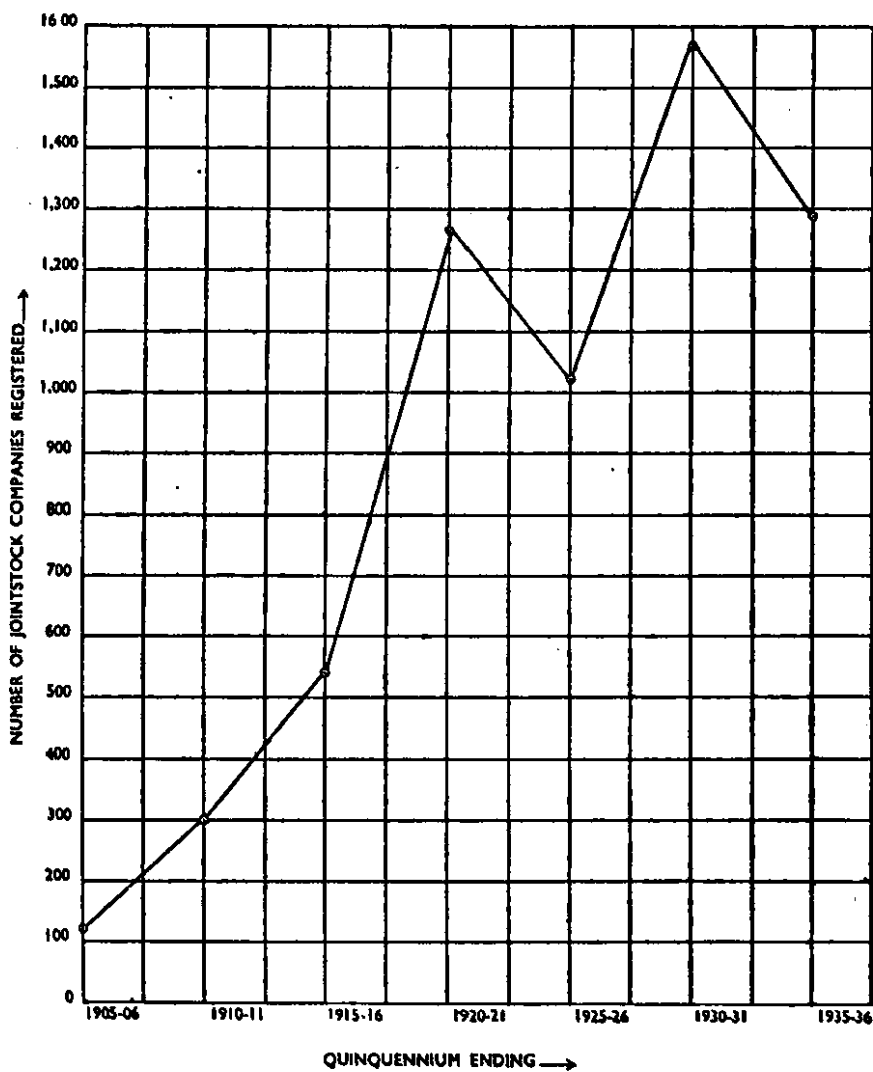


DIAGRAM II.
Number of Joint-Stock Companies at work.

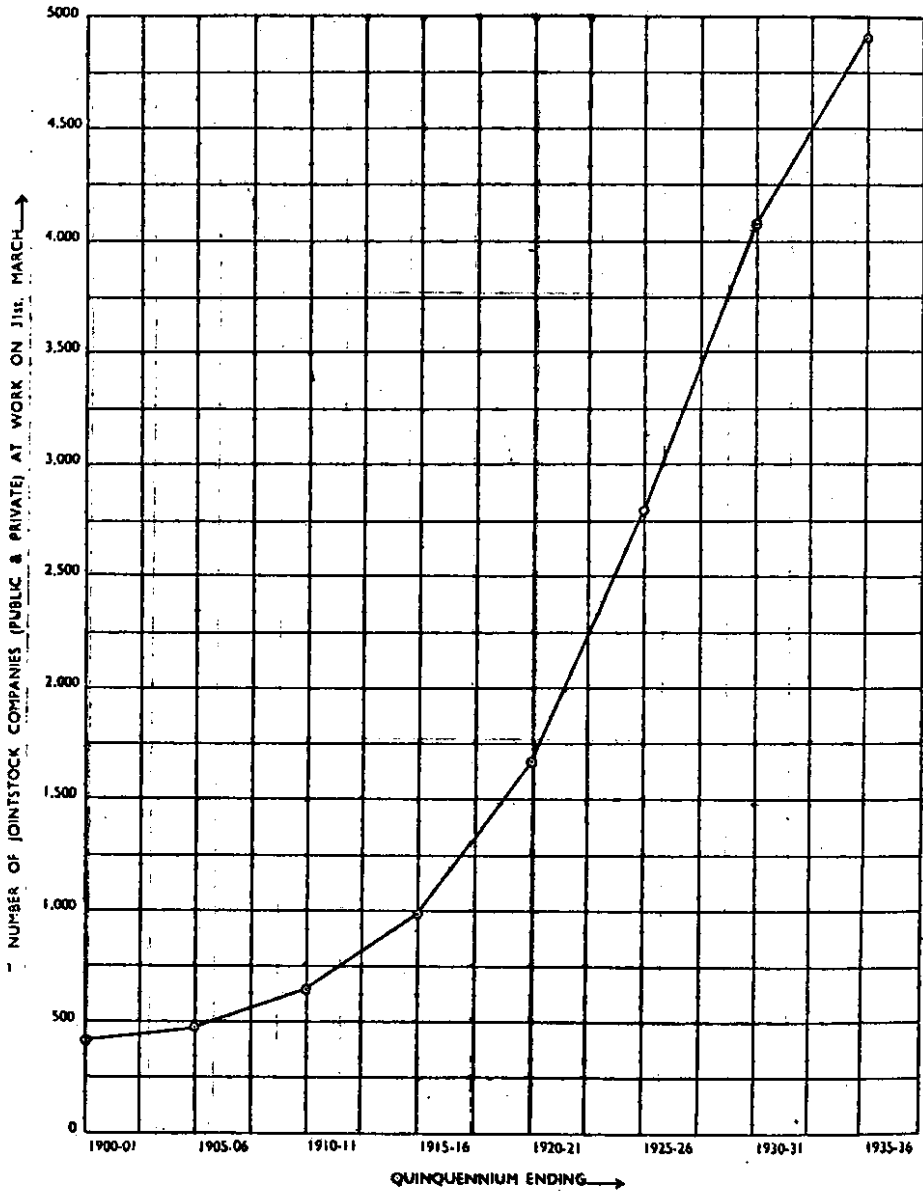


DIAGRAM III.

Capital of Joint-Stock Companies at work.

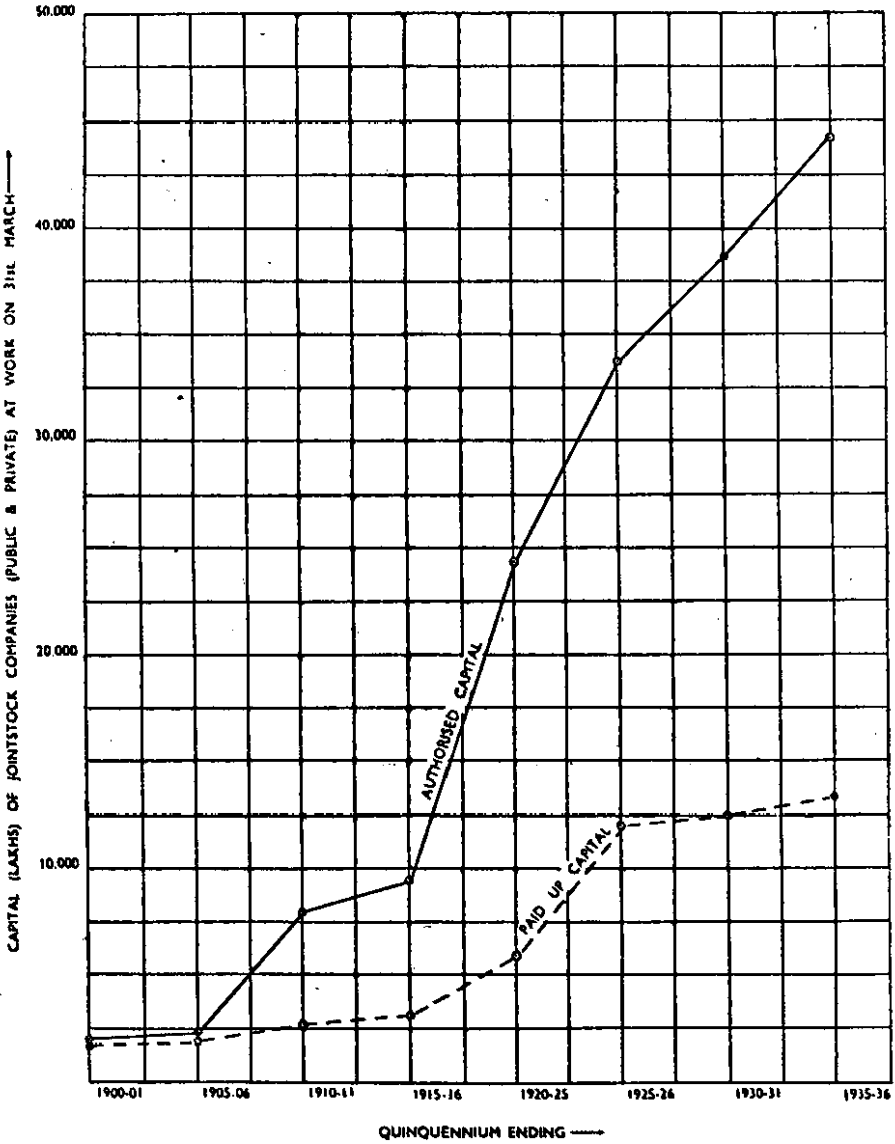


DIAGRAM IV.

Paid-up capital of Banking and Loan Companies at work.

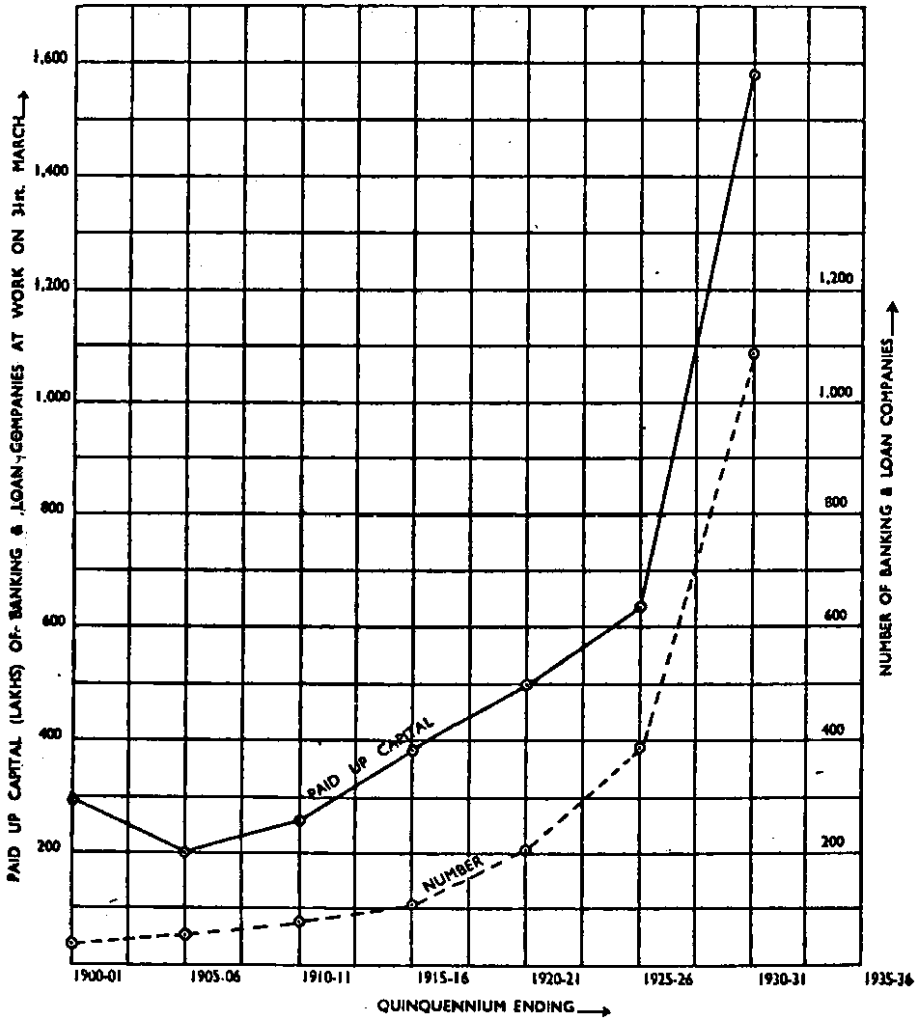


DIAGRAM V.

Paid-up capital of Jute and Cotton Mills in Bengal.

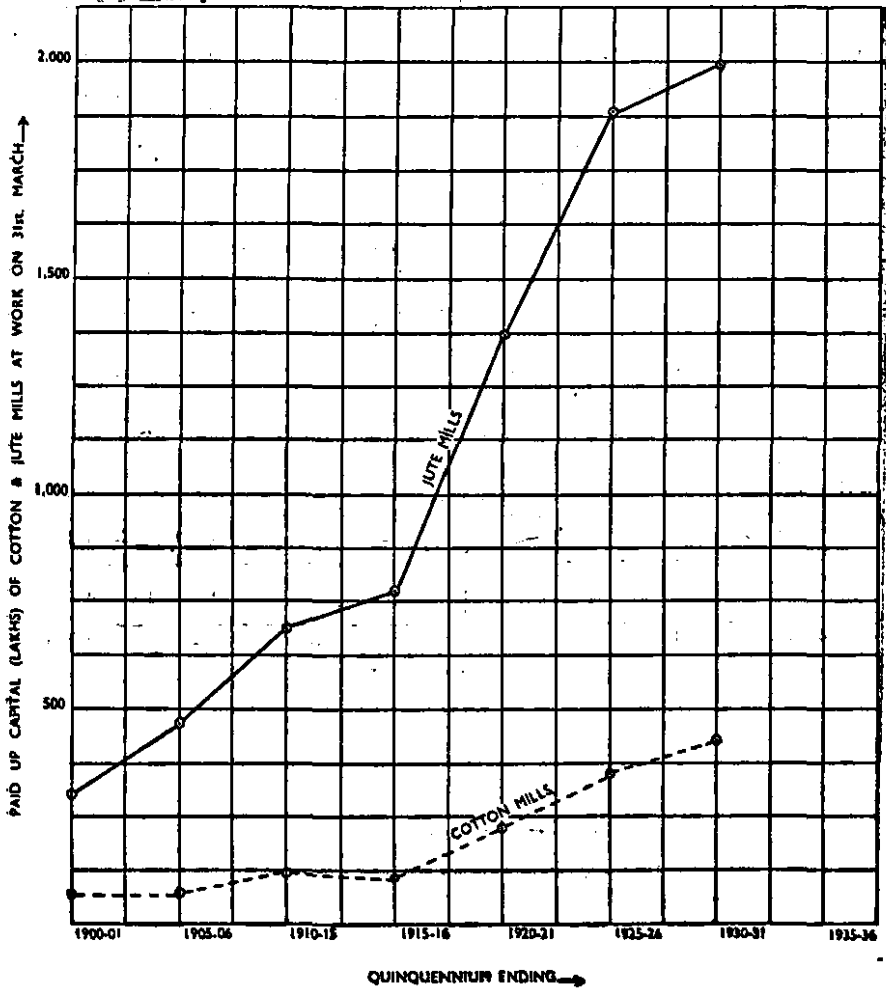


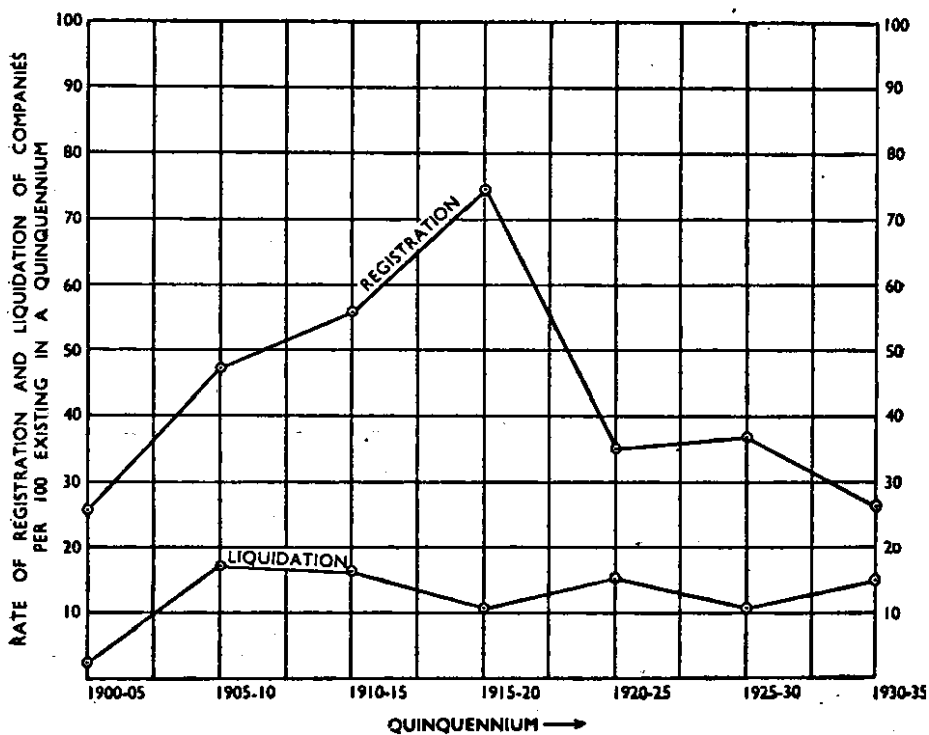
DIAGRAM VI.**Rate of company promotions and company failures.**

DIAGRAM VII.
NUMBER OF JOINTSTOCK COMPANIES OF BENGAL AND INDIA

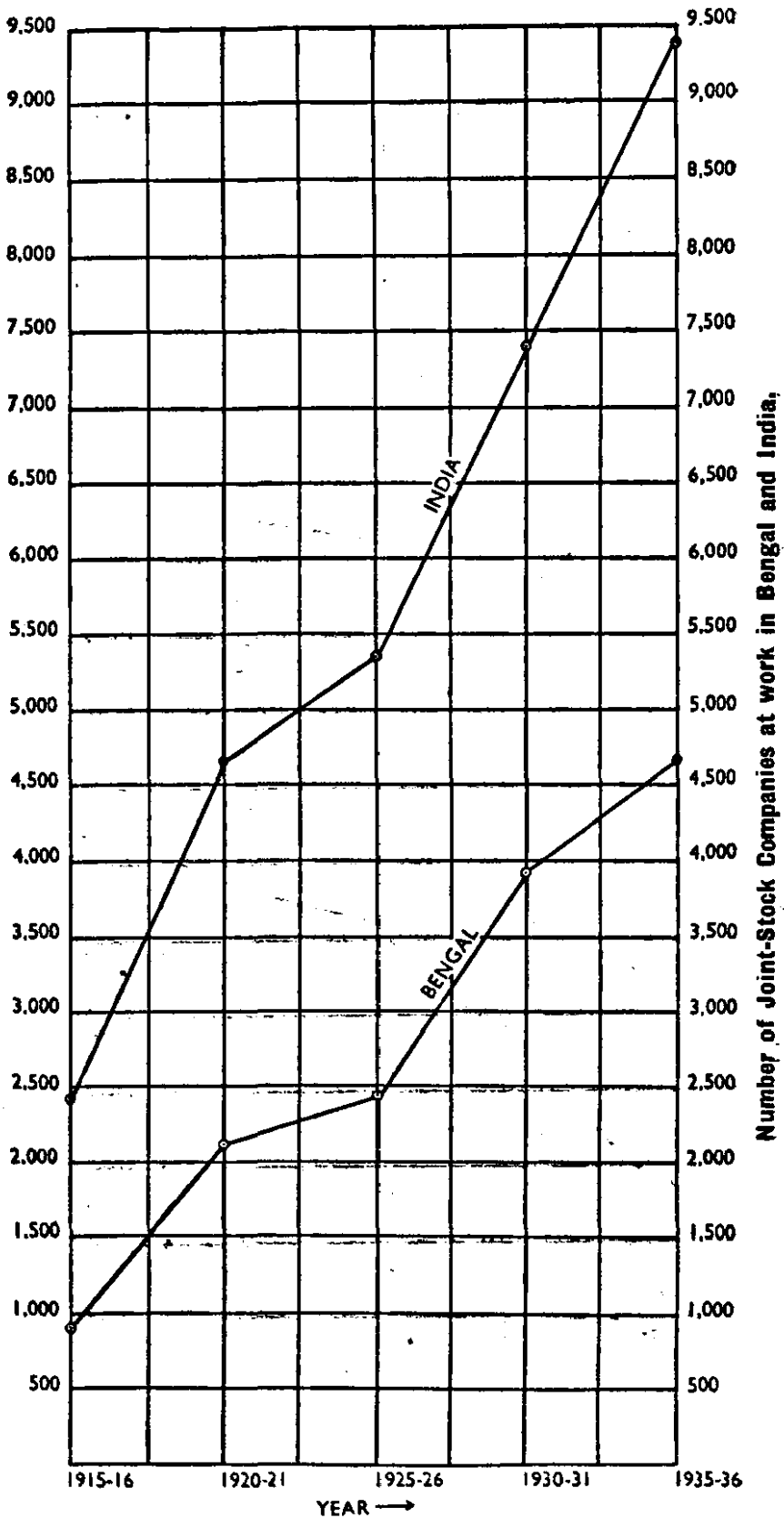
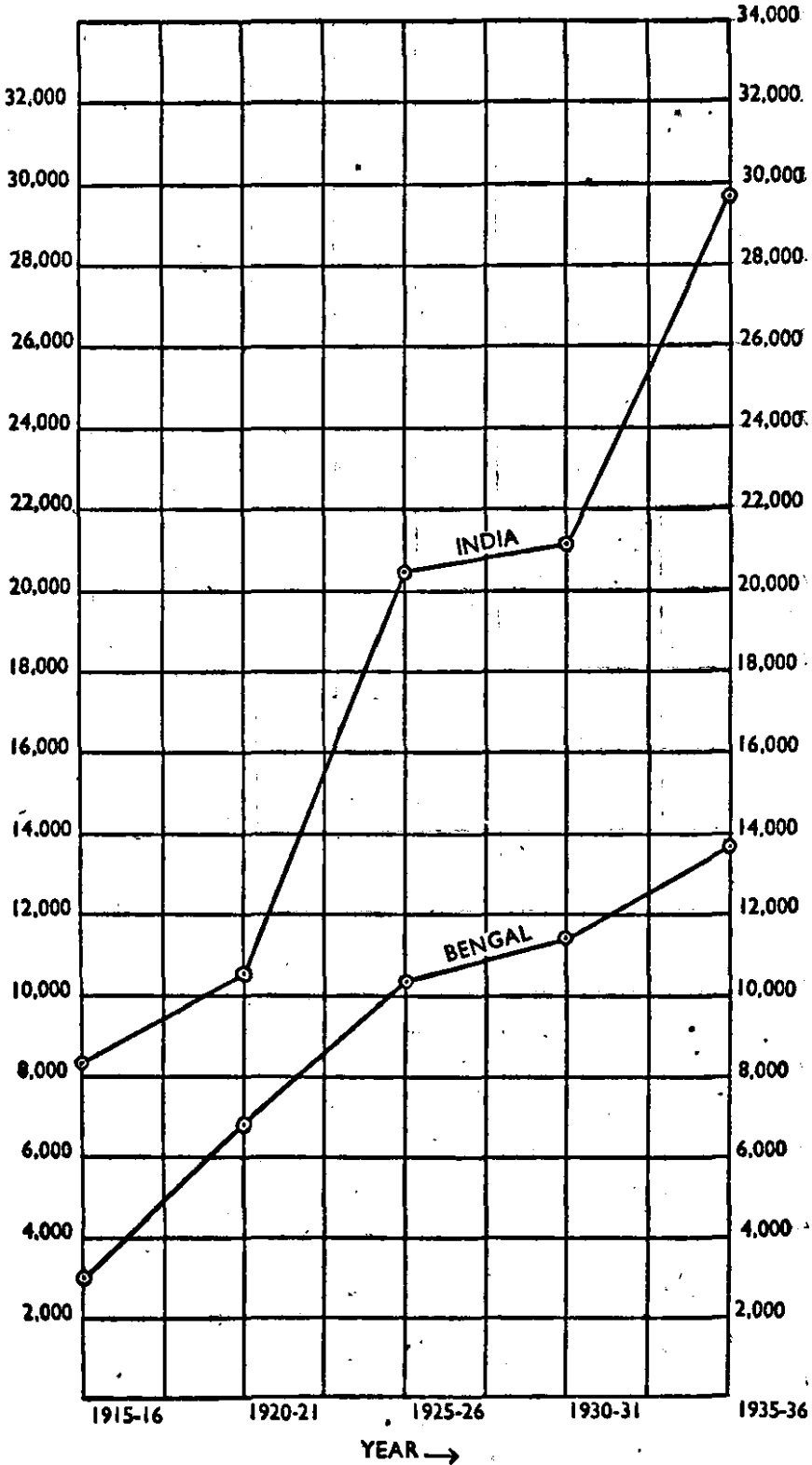


DIAGRAM VIII.

PAID UP CAPITAL (LAKHS) OF JOINTSTOCK COMPANIES OF BENGAL AND INDIA



Paid-up capital of Joint-Stock Companies at work in Bengal and India,