

**GOVERNMENT OF INDIA
MINISTRY OF CORPORATE AFFAIRS**

**LOK SABHA
UNSTARRED QUESTION NO. 2410
ANSWERED ON FRIDAY, THE 09TH MARCH, 2018
[PHALGUNA 18, 1939 (SAKA)]**

GUIDELINES AGAINST SHELL COMPANIES

QUESTION

2410. SHRIMATI VASANTHI M.:

**Will the Minister of CORPORATE AFFAIRS
be pleased to state:**

- (a) whether the Government has embarked on taking stringent action on shell companies and misappropriation of funds of the companies by the directors of these companies;**
- (b) if so, the details thereof; and**
- (c) the time by which the guidelines in this regard would come into force?**

ANSWER

**MINISTER OF STATE FOR LAW AND JUSTICE (SHRI P. P. CHAUDHARY)
AND CORPORATE AFFAIRS**

(a) to (c): The term 'Shell Company' has not been defined under the Companies Act, 2013. However, Section 248(1)(c) of the Companies Act, 2013 provides for removal of name of company from the register of companies if it is not carrying on any business or operation for a period of 2 (Two) immediately preceding financial years and has not made any application within such period for obtaining the status of a dormant company under Section 455. Based on the above mentioned provision 2.97 Lakhs companies were identified under this category as on 31.03.2017 and following due process of law, names of 2,26,166 companies were struck off from the register of companies as on 31.12.2017. Separately 3,09,619 directors were also disqualified under section 164(2)(a) read with Section 167 of the Companies Act, 2013 for non-filing of financial statements or annual returns for a continuous period of three financial years by the companies.

Further the Central Government has ordered investigation into the true ownership of 68 number of companies under section 216 read with section 210(1)(c) of the Companies Act, 2013, which have deposited and

withdrawn fund in an exceptional manner from the bank accounts during demonetization period.
