

**GOVERNMENT OF INDIA
MINISTRY OF CORPORATE AFFAIRS**

**LOK SABHA
UNSTARRED QUESTION NO. 6643
ANSWERED ON FRIDAY, THE 06TH APRIL, 2018
[CHAIRTA 16, 1940 (SAKA)]**

DELAYED ENFORCEMENT OF COMPANIES ACT

QUESTION

6643. DR. SHASHI THAROOR:

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

- (a) whether the three-year period of non-compliance under Section 164 of the Companies Act, 2013 came into effect from November, 2017;**
- (b) if so, the reasons for having taken action against shell companies and directors non-compliant with Section 164 in September, 2017, instead of November, 2017;**
- (c) whether the Government has taken steps to ensure that the aforesaid process of cancellation of company registrations and the disqualification of directors, would not be susceptible to a challenge on the grounds of retrospective application of law; and**
- (d) if so, the details thereof and if not, the reasons therefor?**

ANSWER

THE MINISTER OF CORPORATE AFFAIRS

(SHRI ARUN JAITLEY)

(a): Section 164 of the Companies Act, 2013 come to the effect from 01.04.2014.

(b) to (d): The term 'Shell Company' is not defined under the Companies Act, 2013. However, the Government has taken serious note of those companies which are non-compliant in filing their statutory returns as per provisions of the Companies Act, 2013 (the 'Act'). Section 248(1)(c) of the Act, 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 of the Companies Act, 2013. Based on the above mentioned provision, 2.97 lakh companies were identified under this category as on 31.03.2017 and after following due process, names of 2,26,166 companies were struck off from the register of companies as of now.

Further, 3,09,619 Directors were 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 immediately preceding 3(three) financial years (2013-14, 2014-15 & 2015-16). Out of the above mentioned disqualified directors, 2,10,116 number of disqualified directors were directors on the Board of Struck off companies.
