

**GOVERNMENT OF INDIA
MINISTRY OF CORPORATE AFFAIRS**

**RAJYA SABHA
UN-STARRED QUESTION NO. 1467
ANSWERED ON TUESDAY, MARCH 15, 2022
PUNITIVE ACTION AGAINST SHELL COMPANIES**

QUESTION

1467. Dr. Sasmit Patra:

Will the Minister of Corporate Affairs be pleased to state:

- (a) the punitive actions that have been taken against Shell Companies; and
- (b) how many Shell Companies have been closed down and what action has been taken on them?

ANSWER

MINISTER OF STATE (INDEPENDENT CHARGE) OF THE MINISTRY OF STATISTICS AND PROGRAMME IMPLEMENTATION; MINISTER OF STATE (INDEPENDENT CHARGE) OF THE MINISTRY OF PLANNING; AND MINISTER OF STATE FOR CORPORATE AFFAIRS.

(RAO INDERAJIT SINGH)

(a) & (b): There is no definition of the term “Shell Company” in the Companies Act, 2013 (the Act). It normally refers to a company without active business operation or significant assets, which in some cases are used for illegal purpose such as tax evasion, money laundering, obscuring ownership, benami properties etc. The Special Task Force set up by the Government to look into the issue of “Shell Companies” has, inter-alia, recommended the use of certain red flag indicators as alerts for identification of suspected Shell Companies.

The Government has undertaken Special Drives for identification and strike off of Companies by invoking the provisions of section 248 (1) of the Act by which the Registrar of Companies (RoC) struck off those companies after following the due process of law from the Register of companies when RoC has reasonable cause to believe that those companies are not carrying on any business or operation for a period of 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 Act. Under the said Special Drives 3,82,875 number of companies were struck off u/s 248 (1) of the Act till the financial year 2020-21.
