

**GOVERNMENT OF INDIA
MINISTRY OF CORPORATE AFFAIRS**

**RAJYA SABHA
STARRED QUESTION NO. 50
ANSWERED ON TUESDAY, 7TH FEBRUARY 2023**

ACTION AGAINST FRAUDULENT COMPANIES

QUESTION

50. Shri Akhilesh Prasad Singh

Will the Minister of Corporate Affairs be pleased to state:

- (a) whether it is a fact that a huge number of fraudulent companies are registered in the country;
- (b) if so, the details thereof for the last three years;
- (c) whether Government has initiated any action against these companies; and
- (d) if so, the details thereof, if not, the reasons therefor?

ANSWER

**THE MINISTER OF FINANCE &
CORPORATE AFFAIRS.**

(SMT. NIRMALA SITHARAMAN)

(a) to (d): A statement is laid on the Table of the House:

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (d) OF THE STARRED QUESTION NO.50 ANSWER IN RAJYA SABHA ON 07/02/2023.

(a) to (d): The registration of a company is strictly as per the provisions of Section 3 of the Companies Act, 2013. For registration, companies are required to file several documents at the time of incorporation under the provisions of the Companies (Incorporation) Rules, 2014. These include Memorandum and Articles of Association, declaration by the first directors and subscriber, proof of office address, copy of certificate of Incorporation of foreign body corporate (if any), a resolution passed by promoter company (applicable if name of a body corporate is promoter), the interest of first directors in other entities, consent of nominee (INC-3) (Applicable for one person company) etc.

Since, 2016, the Companies are registered at Central Registration Cell (CRC), Manesar vide Notification No.S.O.2018(E) dated 22.01.2016

The number of companies incorporated in last three financial years are as under:-

Financial Years	Number of companies incorporated
2019-20	1,28,878
2020-21	1,67,901
2021-22	1,85,291

The term 'Fraudulent Company' is not defined as such in the Companies Act, 2013. However, in so far fraud by companies is concerned, wherever any complaint related to this is received, investigations are ordered under section 210 of the Companies Act, 2013 against the company. Further, under section 212 of the Companies Act, 2013, when the Central Government is of the opinion that it is necessary to investigate into the affairs of a company by SFIO then the matter is assigned for investigation to SFIO. The details of number of companies against whom Investigations have been ordered and assigned to RDs and SFIO during the last 03 Financial Years are as under: -

Financial Years	No. of Companies Investigations ordered and assigned to RDs.	No. of Companies Investigations ordered and assigned to SFIO.
2019-20	102	326
2020-21	65	69
2021-22	126	96

In addition to conducting investigations, MCA also undertaken various drives to strike off names of Companies under Section 248 of the Companies Act, 2013 for certain violations by companies, such as failing to commence business within one year of incorporation, not carrying on any business or operation for a period of two immediately preceding financial years and not making any application within such period for obtaining the status of a dormant company, not carrying on any business or operations, as revealed after the physical verification etc. In the last three financial years, 1, 27,952 companies have been struck off from the register of companies:-

Financial Years	Number of Companies
2019-20	60,770
2020-21	12,009
2021-22	55,173
Total	1,27,952
