

**GOVERNMENT OF INDIA
MINISTRY OF CORPORATE AFFAIRS**

**RAJYA SABHA
UNSTARRED QUESTION NO. 3081
ANSWERED ON TUESDAY, 28th MARCH 2023**

MEASURES TO CURB THE ACTIVITIES OF SHELL COMPANIES

QUESTION

3081 Smt. Jebi Mather Hisham:

Will the Minister of Corporate Affairs be pleased to state:

- (a) the measures that have been taken to curb the activities of shell companies;
- (b) the measures that have been taken to prevent shell companies from raising funds from stock markets;
- (c) whether Government is aware that shell companies with registration in foreign countries are proliferating their activities in the country; and
- (d) the amount of tax exemption that has been given to corporate companies since 2019?

ANSWER

The Minister of State (Independent Charge) of the Ministry of Statistics and Program Implementation; Minister of State (Independent Charge) of the Ministry of Planning and Minister of State in the Ministry of Corporate Affairs.

(RAO INDERJIT SINGH)

(a) & (b) : The term “Shell company” is not defined in the Companies Act, 2013. However, in terms of Section 248(1) of the Companies Act, 2013 read with the Companies (Removal of Names of Companies from the Register of Companies) Rules, 2016 (amended Rules 2019), names of certain companies have been struck off for certain violations 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.

(c) : Since, there is no definition of shell company under Companies Act, 2013, the information about shell companies with registration in foreign countries proliferating their activities in the country is not available. However, foreign companies can establish their place of business in India as provided under section 380 of the Companies Act, 2013. As on date there are 3295 foreign companies that are registered under section 380 of the Companies Act.

(d) : The details of revenue foregone due to deductions / exemptions under the Income Tax Act, 1961 availed by the Corporate taxpayers from financial year 2019-20 to 2021-22 is as under:-

Financial Year	Revenue Foregone (in Rs. Crores)
2019-20	94,109.83
2020-21	75,218.02
2021-22*	84,394.62

*Total Revenue Foregone for Financial Year 2021-22 is Projected Revenue Impact as provided in the Receipt Budget for Financial Year 2023-24.

The above figures are as per Receipt Budget statements available in the Budget documents for the Financial Years 2022-23 and Financial Years 2023-24.
