

**GOVERNMENT OF INDIA
MINISTRY OF CORPORATE AFFAIRS**

**RAJYA SABHA
UNSTARRED QUESTION NO. 220
ANSWERED ON TUESDAY, DECEMBER 02, 2025**

Shell Companies

QUESTION

220. Shri Abdul Wahab:

Will the Minister of Corporate Affairs be pleased to state

- (a) the number of shell companies identified, struck off, or penalised in the last three years and the details of the measures taken to prevent their re-emergence;
- (b) whether a real-time data-verification system is being developed to prevent fake or duplicate director identifies; and
- (c) whether the Ministry has initiated any collaboration with enforcement agencies to track money laundering linked to shell entities?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF CORPORATE AFFAIRS AND
MINISTER OF STATE IN THE MINISTRY OF ROAD TRANSPORT AND
HIGHWAYS.

[Shri Harsh Malhotra]

- (a) The term 'Shell Company' is not defined in the Companies Act, 2013(Act). However, this Ministry has carried out Strike-off drives under section 248(1) for striking off such companies which were not carrying on any business or operation for a period of two immediately preceding financial years and had not made any application within such period for obtaining the status of a dormant company under section 455 of the Act or the subscribers to the memorandum have not paid the subscription which they had undertaken to pay at the time of incorporation of a company and declaration to this effect has not been filed within one hundred and eighty days of its incorporation under sub-section (1) of section 10(A) of the Act or was not carrying on any business or operations, as

revealed after the physical verification carried out under section 12(9) of the Act.

The total number of companies Struck off under section 248(1) of the Act during the year 2022-23 to 2024-25 is 68,893.

Details of Companies observed to be indulging in fraudulent transactions such as rotation of funds without underlying transaction are identified during the course of inquiry/inspection under section 206 of the Companies Act and investigation under section 210 and 212 of the Companies Act and penal provisions of the Companies Act are accordingly invoked against the Company and officers in default as deterrence to prevent their re-emergence. Officers in default who have been penalized in such manner are disqualified from becoming directors in any other company.

(b) The necessary validations and real time data verification system is in place to prevent fake or duplicate Director Identification Numbers (DIN).

(c) Details of Companies observed to be indulging in suspicious/potentially fraudulent transactions are shared by Financial Intelligence Unit (FIU) reports, CEIB (Central Economic Intelligence Bureau) references, SLCC (State Level Co-ordination Committee) with the Ministry which serves as important inputs in taking up Inquiry/Inspection/Investigation the case may be and in turn the findings of the inquiry/inspection/investigation reports are also shared with enforcement agencies to enable further course of action against such companies and individuals associated with such companies.
