**GOVERNMENT OF INDIA**
**MINISTRY OF CORPORATE AFFAIRS**
**RAJYA SABHA**
**UN-STARRED QUESTION NO. 225**
**ANSWERED ON TUESDAY, JULY 21, 2026**

**Action against shell companies and prevention of corporate fraud**

## QUESTION

**225. Smt. Darshana Singh:**

Will the Minister of CORPORATE AFFAIRS
be pleased to state:

(a) the number of shell companies against which action has been taken across the country in the last three years;
(b) the action taken against the Directors of these companies; and
(c) the new digital surveillance mechanisms and Artificial Intelligence (AI) based systems implemented by Government to prevent corporate fraud, money laundering and the formation of shell companies across the county including the State of Uttar Pradesh?

## ANSWER

Minister of State in the Ministry of Corporate Affairs; Minister of State in the Ministry of Road Transport and Highways.

(Shri Harsh Malhotra)

(a) to (b): The term 'shell company' is not defined under the Companies Act, 2013. Hence, the requisite information pertaining to action taken against directors of "shell companies' is not maintained by the Ministry of Corporate Affairs.
(c) MCA's digital surveillance mechanism uses red flag indicators including features such as nil /insignificant business, nil/ insignificant assets, company not maintaining registered office, suspected beneficial owner, etc. for regulatory actions. Further, to address and identify ultimate beneficiaries, the Significant Beneficial Owner (SBO) Rules, 2018 mandates the disclosure of Significant Beneficial Owner (SBO) of the corporate structure. Under the MCA-21, a risk profiling rule based analytical system for compliances has been developed. Further, through MCA21 V3 various functionalities like Web filings, LLP Module, Company module, have been implemented. Filings are now being made through this system, which provides for real time validation with pre-filled master data, thereby reducing possibility of falsification of data across India including the State of Uttar Pradesh.

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