

**GOVERNMENT OF INDIA
MINISTRY OF CORPORATE AFFAIRS**

**LOK SABHA
STARRED QUESTION NO. 363
ANSWERED ON FRIDAY, THE 11th AUGUST, 2017/
SHRAVANA 20, 1939 (SAKA)**

AMENDMENTS TO COMPANIES ACT

QUESTION

***363. SHRI R.K. SINGH:**

Will the Minister of CORPORATE AFFAIRS

कारपोरेट कार्य मंत्री

be pleased to refer to the reply to Unstarred Question No. 1053 dated 29 April, 2016 regarding “Loopholes in Companies Law” and state:

(a) whether in the recent past many Shell Companies have reportedly been set up to launder black money and hold benami property/companies;

(b) if so, whether the reply given to the above mentioned question was not correct;

(c) whether there is a need to amend the Companies Act, 1956/2013 and strengthen the inspection and oversight mechanisms to prevent formation of Shell Companies and if so, the details thereof; and

(d) the time by which the Government proposes to bring in the necessary changes in the Law and in the regulatory mechanisms in this regard?

ANSWER

THE MINISTER OF CORPORATE AFFAIRS

(SHRI ARUN JAITLEY)

कारपोरेट

कार्य

मंत्री

(श्री अरुण जेटली)

(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. 363 FOR ANSWER IN LOK SABHA ON 11.08.2017

(a) & (b):- No, Madam. The term “Shell Company” is not defined under the Companies Act, 2013 (The Act). The Act requires that a company may be set up for any lawful purpose only. Subsequent to incorporation, if a company is found to be formed for fraudulent or unlawful purpose, it is liable for penal action, including for winding up under section 271 of the Act. As answered in Question No. 1053 dated 29th April, 2016, the existing provisions of the Act are sufficient to ensure that the individuals forming the companies are identifiable and are traceable for the purpose of initiating penal actions.

(c) & (d):- There is no such proposal under consideration.
