

**GOVERNMENT OF INDIA
MINISTRY OF CORPORATE AFFAIRS**

**LOK SABHA
UNSTARRED QUESTION NO. 1987
ANSWERED ON FRIDAY, THE 29TH DECEMBER, 2017
[PAUSHA 08, 1939 (SAKA)]**

**DEREGISTRATION OF SHELL COMPANIES AND DISQUALIFICATION OF
DIRECTORS**

QUESTION

1987. SHRI KALIKESH N. SINGH DEO:

**Will the Minister of CORPORATE AFFAIRS
be pleased to state:**

- (a) the number of companies identified as shell companies with no proper business or fake addresses in the country;**
- (b) whether the Government has cancelled the registration of such shell/dormant companies and if so, the number of such companies whose registration got removed including the number of disqualification of Directors of such companies;**
- (c) whether the Government has taken any steps to freeze/make non-operational the bank accounts of the companies and their Directors/owners and if so, the details thereof; and**
- (d) whether the Government has plans to tighten the laws and regulations to ensure that this will not happen in future and if so, the details thereof?**

ANSWER

**MINISTER OF STATE FOR LAW AND JUSTICE (SHRI P. P. CHAUDHARY)
AND CORPORATE AFFAIRS**

(a) & (b): The term Shell Company has not been defined under the Companies Act. The removal of names of the companies which are not in operation or conducting any business, is a continuous process. The Registrar of Companies (ROCs) have identified 2.97 lakh companies during 2017-18 which were not filing their Financial Statements or Annual Returns for a continuous period of two or more financial years and, prima facie, were not conducting any business or in operation. Out of such identified companies, ROCs have removed the names of 2,26,166 of such companies as on 19.12.2017 from the register of companies by following the due process under Section 248 of the Companies Act, 2013. Consequently, their directors also cease to be directors of such companies. Upto 19.12.2017 a total of 3,09,619 directors have been identified as disqualified. This includes the directors of the aforesaid companies also.

(c) & (d): Section 250 of the Act provides that where a company stands dissolved under Section 248(5) of Act, it shall cease to operate as a company and the certificate of incorporation issued to it shall be deemed to have been cancelled from the date of such removal. Consequently, the banks put restrictions on the operation of bank accounts of such dissolved companies by their ex-directors till such companies are revived under section 252 of the Act. Further, regulatory actions under Section 248 and consequential actions thereon is a continuous process.
