

**GOVERNMENT OF INDIA**  
**MINISTRY OF FINANCE**  
**DEPARTMENT OF ECONOMIC AFFAIRS**  
**LOK SABHA**  
**UNSTARRED QUESTION NO. 3139**  
**TO BE ANSWERED ON 5<sup>th</sup> JANUARY, 2018/15<sup>TH</sup> PAUSHA SAKA, 1939**  
**Fake Companies**

**3139: SHRIMATI BUTTA RENUKA:**  
**SHRI ASADUDDIN OWAISI:**

**QUESTION**

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has identified many shell/fake companies that have conducted financial transactions during demonetisation, if so, the details thereof;
- (b) whether as per the Government reports 3500 shell/fake firms deposited and withdraw Rs. 17000 crore post demonetisation;
- (c) if so, the number of such companies so far closed or are in the radar of the Government;
- (d) whether demonetisation has failed allowing companies to deposit a huge amount and later withdraw it, if so, the details thereof; and
- (e) the action taken so far by the Government on such shell/fake companies for financial embezzlement and future roadmap chalked out for taking action against such companies?

**ANSWER**

**MINISTER OF STATE IN MINISTRY OF FINANCE**  
**(SHRI PON. RADHAKRISHNAN)**

(a) to (e): The term 'Shell/Fake Companies' has not been defined under the Companies Act. However, the removal of names of the companies which are not in operation or conducting any business, is a continuous function. 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 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.

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 removed companies by their ex-director till such companies are revived under Section 252 of the Act. In addition to the above the Central Government ordered investigation against 68 companies (which have deposited Rs.25 cr. or more) u/s 216 read with 210 (1) (c) of the Companies Act, 2013 for huge sums deposited in Bank accounts and withdrawn in an exceptional manner in post demonetization. The investigation is underway.

\*\*\*\*\*