

**GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS**

LOK SABHA

UNSTARRED QUESTION NO. 1769

TO BE ANSWERED ON FRIDAY, JULY 27, 2018/SHRAVANA 5, 1940 (SAKA)

FAKE COMPANIES LISTED ON EXCHANGE

1769: SHRI RAJU SHETTY

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has started inquiring on the fake companies listed in National Stock Exchange and the Bombay Stock Exchange, if so, the details thereof;
- (b) whether SEBI has informed investor not to invest in such companies and if so, the details thereof;
- (c) whether delisting procedure has started against them; and
- (d) if so, the details thereof?

ANSWER

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

(a) to (d): The term 'fake' company is not defined under the Companies Act, 2013. Further, the Securities and Exchange Board of India (SEBI), the regulator for securities market in India, has informed that there are no companies identified as fake on National Stock Exchange (NSE) and the Bombay Stock Exchange (BSE).

However, it may be noted that Ministry of Corporate Affairs (MCA) had referred 1313 companies to SEBI (referred as defaulted / dormant companies) that have defaulted in filing the balance sheet and/or annual report twice or more during the immediately preceding three years (2014-15 to 2016-17). Out of these 1313 companies, 891 companies were found to be listed, of which 527 companies have already been delisted by exchanges as on 23rd July 2018. In addition, 79 companies listed with Calcutta Stock Exchange are under Exit process. Further, 72 companies have been referred to MCA as vanishing companies and 135 companies continue to be listed out of which 97 are under suspension. Remaining 78 companies are placed on the Dissemination Board mechanism maintained by BSE and NSE for dissemination of Bids/Offer placed by buyers and sellers of securities of companies that were listed exclusively on any of the exiting or de-recognised Regional Stock Exchanges (RSEs) and which have failed to obtain listing elsewhere.

Further, Central Board of Direct Taxes (CBDT), Department of Revenue, has informed that the Income Tax Department (ITD) takes suitable actions including search and seizure and survey, among others, against various persons including 'shell' companies and their associates, found involved in violation of the Laws administered by the ITD.
