

**GOVERNMENT OF INDIA  
MINISTRY OF CORPORATE AFFAIRS**

**LOK SABHA  
UNSTARRED QUESTION NO. 555  
ANSWERED ON FRIDAY, THE 20<sup>th</sup> JULY, 2018  
[ASHADHA 29, 1940 (SAKA)]**

**SHELL COMPANIES**

**QUESTION**

**555. SHRI SUMAN BALKA:  
SHRI MAHEISH GIRRI:**

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

- (a) whether the Government is working on putting in place a proper definition for shell companies in the fight against the black money menace and if so, the details thereof;**
- (b) whether the absence of a definition for shell companies under the legal framework is hampering investigations and if so, the details thereof;**
- (c) whether the Task Force set up by the Government has suggested some possible parameters to define if a company has been set up to launder money or exploit regulatory arbitrage, if so, the details thereof and the other recommendations made therein; and**
- (d) the details of companies which were not carrying out business activities for long, deregistered, deposited cash in the bank accounts post-demonetisation and the action taken against shell companies?**

**ANSWER**

**MINISTER OF STATE FOR LAW AND  
JUSTICE AND CORPORATE AFFAIRS**

**(SHRI P. P. CHAUDHARY)**

**(a) & (c): The Government has set up a Task Force to look into the matter of 'Shell' Companies. The Task Force has identified typical attributes of a 'Shell' company which is prone to indulge in illegal activities. Based on these attributes, concerned enforcement agencies would be able to identify shell companies and take action as per law.**

**(b): No, Madam.**

**(d): Based on non-filing of financial statements consecutively for two years or more, 2.97 lakh companies were identified and after following due process of law as provided under section 248 of the Act, 2,26,166 companies were struck off during 2017-18. Wherever any unusual or suspicious transactions were found to have taken place post demonetization, necessary action of inquiry, inspection and investigation was initiated.**

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