

**GOVERNMENT OF INDIA  
MINISTRY OF CORPORATE AFFAIRS**

**LOK SABHA  
STARRED QUESTION NO. 66  
ANSWERED ON FRIDAY, THE 14<sup>th</sup> DECEMBER, 2018  
[AGRAHAYANA 23, 1940 (SAKA)]**

**SHELL COMPANIES**

**QUESTION**

**\*66. SHRI HARI OM PANDAY:**

**SHRI RAMDAS C TADAS:**

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

कारपोरेटकार्यमंत्री

- (a) whether the Government has developed any smart mechanism to identify shell companies;**
- (b) if so, the details thereof and if not, the reasons therefor; and;**
- (c) the details of action taken so far against the top 50 shell companies during the last three years and the current year, especially from Uttar Pradesh?**

**ANSWER**

**THE MINISTER OF CORPORATE AFFAIRS (SHRI ARUN JAITLEY)**

कारपोरेट कार्य मंत्री

(श्री अरुण जेटली)

**(a) to (c) A statement is laid on the Table of the House.**

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**STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (c) OF  
THE STARRED QUESTION NO.66 FOR ANSWER IN LOK SABHA  
ON 14.12.2018**

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**(a)&(b): While there is no definition of the term “Shell Company”, it normally refers to a company without active business operation or significant assets, which in some cases are used for illegal purpose such as tax evasion, money laundering, obscuring ownership, benami properties etc. The Special Task Force set up by the Government to look into the issue of “Shell Companies” has inter-alia recommended the use of certain red flag indicators as alerts for identification of Shell Companies. The Government has undertaken a Special Drive for identification and strike off Shell Companies. Around 2.26 lakh Shell Companies were struck off in the first drive pertaining to financial year 2013-14 to 2014-15. Similarly 1,00,150 number of companies have been struck off up to 30/11/2018 in the second drive in respect of the financial year 2015-16 to 2016-17.**

**(c): Based on prima-facie suspicion of abnormal transactions during post demonetization period, investigation was launched against 68 companies, including two companies registered in the State of Uttar Pradesh.**

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