

**GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE**

**LOK SABHA
UNSTARRED QUESTION NO. †2002
TO BE ANSWERED ON FRIDAY, 21ST DECEMBER, 2018
AGRAHAYANA 30, 1940 (SAKA)**

ILLEGAL OPERATIONS OF SHELL COMPANIES

**†2002: SHRIMATI RAMA DEVI:
SHRI RAM TAHAL CHOUDHARY :**

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has reported a large number of shell companies operating in the country; and*
(b) if so, the details thereof and decision made by the Government during their regular meetings and subsequent action taken against the persons/businessmen involved in the illegal operation of these shell companies during the last three years?

**ANSWER
MINISTER OF STATE FOR FINANCE
(SHRI SHIV PRATAP SHUKLA)**

(a) and (b) : The term ‘shell company’ has not been defined under the Income-tax Act, 1961 or under the Companies Act, 2013. However, 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.

Further, section 248(1)(c) of the Companies Act, 2013 provides for removal of name of company from the register of companies, if it is not carrying on any business or operation for a period of two immediately preceding financial years and has not made any application for obtaining the status of a dormant company under section 455 of the Companies Act, 2013 within such period.

Accordingly, the Government has undertaken a special drive for identification and strike-off of companies by following due process of law. Around 2.26 lakhs companies were struck off from the register of companies in the first drive undertaken by the Government. Similarly, 1,00,150 companies were struck off in the second drive.

Further, 3.09 lakh directors were also disqualified under section 164(2)(a) read with Section 167(1) of the Companies Act, 2013 for non-filing of Financial Statements or Annual Returns for continuous period of three financial years by the companies.

Central Bureau of Investigation (CBI) has registered 91 cases against 632 shell companies during the last 3 years (2015, 2016 and 2017) and 2018 (up to 30.11.2018).
