

**GOVERNMENT OF INDIA
MINISTRY OF CORPORATE AFFAIRS**

**LOK SABHA
UN-STARRED QUESTION NO. 469**

ANSWERED ON MONDAY, 06 FEBRUARY, 2023

BUSINESS WITH SHELL COMPANIES

QUESTION

469. SHRI MADDILA GURUMOORTHY:

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

कारपोरेट कार्य मंत्री

- (a) whether the Government has implemented any safeguard measures for firms that unknowingly conduct business with the shell companies;**
- (b) if so, the details thereof and if not, the reasons therefor;**
- (c) whether the Government has taken any steps to generate awareness among companies against conducting business with shell companies; and**
- (d) if so, the details thereof and if not , the reasons therefor?**

ANSWER

Minister of State (Independent Charge) of the Ministry of Statistics and Programme Implementation; Minister of State (Independent Charge) of the Ministry of Planning and Minister of State in the Ministry of Corporate Affairs.

सांख्यिकी और कार्यक्रम कार्यान्वयन मंत्रालय के राज्य मंत्री (स्वतंत्र प्रभार); योजना मंत्रालय के राज्य मंत्री (स्वतंत्र प्रभार) और कॉर्पोरेट मामलों के मंत्रालय में राज्य मंत्री।

(Rao Inderjit Singh)
राव इंद्रजीत सिंह

(a), and (b): The term “Shell Company” is not defined under the Companies Act, 2013.

However, the Government undertook Special Drive for identification and striking off companies u/s 248(1) of the Companies Act, 2013 read with the Companies (Removal of

Names of Companies from the Register of Companies) Rules, 2016 (amended Rules 2019), which had not filed their Financial Statements and/or Annual Returns for a continuous period of two immediately preceding financial years. A number of 1,27,952 companies have been struck off in last 3 years.

(c) and (d): For the purpose of creating safeguard measures with regard to the transaction with such struck off companies, the Government has amended Schedule III of the Companies Act, 2013 vide notification number G.S.R (E) dated 24.03.2021 read as under:

Relationship with Struck off Companies (applicable to both DIV-I & DIV-II entities)

Where the company has any transactions with companies struck off under Section 248 of the Companies Act, 2013 or Section 560 of Companies Act, 1956, the Company shall disclose the following details:

Name of struck off Company	Nature of transactions with struck-off Company	Balance outstanding	Relationship with the Struck off company, if any, to be disclosed
	Investments in securities		
	Receivables		
	Payables		
	Shares held by struck off company		
	Other outstanding balances (to be specified)		

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