

**GOVERNMENT OF INDIA
MINISTRY OF CORPORATE AFFAIRS**

**LOK SABHA
UNSTARRED QUESTION NO. 1194
ANSWERED ON FRIDAY, THE 09TH FEBRUARY, 2018
[MAGHA 20, 1939 (SAKA)]**

COMPAGN AGAINST SHELL COMPANIES

QUESTION

1194. SHRIMATI POONAMBEN MAADAM:

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

- (a) whether the Government has initiated campaign against black money, wilful defaulters and erring directors and if so, the details thereof;**
- (b) whether a number of registered companies are facing action from authorities after the demonetisation;**
- (c) if so, the number of companies registered prior to demonetisation and the number of companies closed after demonetisation;**
- (d) whether a number of companies are not carrying out their business activities since long;**
- (e) if so, the number of such companies identified so far and the action taken by the Government against such companies; and**
- (f) the details of guidelines and the action taken by the Government against the directors of shell companies?**

ANSWER

**MINISTER OF STATE FOR LAW AND JUSTICE (SHRI P. P. CHAUDHARY)
AND CORPORATE AFFAIRS**

(a) to (f): The mandate under the Companies Act, 2013 is to regulate companies incorporated under it. However, the provisions for

disqualification of directors are prescribed under Section 164 of the Companies Act, 2013. Section 164(2)(a) prescribes that no person who is or has been a director of a company which has not filed Financial

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Statements or Annual Returns for any continuous period of three financial years shall be eligible to be re-appointed as director of that company or appointed as director in other company for a period of five years from the date on which the said company fails to do so. Section 167(1) (a) of the Act also prescribes that the office of a director shall become vacant in case he incurs any of the disqualifications specified in Section 164 of the Act. Further, Rule 14(2) of the Companies (Appointment and Qualification of Directors), Rules, 2014 requires the companies to intimate the particulars of their directors on such failure by filing a prescribed form DIR-9 to Registrar of Companies [ROCs]. 3,09,619 Directors were identified as disqualified under Section 164(2)(a) read with Section 167 of the Companies Act, 2013 for non-filing of Financial Statements or Annual Returns for a continuous period of immediately preceding 3 (three) financial years (2013-14, 2014-15 & 2015-16). Further, Section 248(1)(c) 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 2(two) immediately preceding financial years and has not made any application within such period for obtaining the status of a dormant company under Section 455 of the Act. Based on the above mentioned provision, 2.97 lakh companies were identified under this category as on 31.03.2017 and after following due process, the names of 2,26,166 companies were struck off from the register of companies as on 31.12.2017. Out of the above mentioned 3,09,619 disqualified directors, 2,10,116 number of disqualified directors were directors on the Board of struck off companies.
