

**GOVERNMENT OF INDIA
MINISTRY OF CORPORATE AFFAIRS**

**RAJYA SABHA
UNSTARRED QUESTION NO. 359
ANSWERED ON TUESDAY, THE 06TH FEBRUARY, 2018**

SHELL COMPANIES AFTER DEMONETISATION

QUESTION

359. SHRI K. RAHMAN KHAN:

Will the Minister of CORPORATE AFFAIRS be pleased to state:

- (a) the number of shell companies identified by Government that came into existence after the demonetisation;
- (b) the number of such shell companies which have disqualified Directors in them;
- (c) the number of such disqualified Directors who are politicians and Government bureaucrats; and
- (d) the details of such politicians and bureaucrats?

ANSWER

MINISTER OF STATE FOR LAW AND JUSTICE
AND CORPORATE AFFAIRS

(SHRI P. P. CHAUDHARY)

(a): The Companies Act, 2013 does not define the term Shell Company. However, the Organization for Economic Cooperation and Development (OECD) defines a Shell Company as a company which is formally registered or otherwise legally organized in an economy but which does not conduct any operation in that economy other than in a pass through capacity. Under the Companies Act, 2013, 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. 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 names of 2,26,166 companies were struck off from the register of companies as on 31.12.2017.

(b): Separately, 3,09,619 Directors were 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). Out of the above mentioned disqualified directors, 2,10,116 number of disqualified directors were directors on the Board of Struck off companies.

(c) & (d): Government companies are exempt from the application of Section 164(2) of the Companies Act, 2013. Accordingly, no Director on the Board of Government Companies was disqualified for lapse in filing Financial Statements or Annual Returns in respect of such companies. No separate database is being maintained with respect to bureaucrats and politicians who are directors on Board of Companies.
