

**GOVERNMENT OF INDIA
CORPORATE AFFAIRS
LOK SABHA**

UNSTARRED QUESTION NO:2633

ANSWERED ON:31.08.2007

VANISHING COMPANIES

Singh Deo Smt. Sangeeta Kumari;Thummar Shri Virjibhai

Will the Minister of CORPORATE AFFAIRS be pleased to state:

(a) whether the number of vanishing companies has declined after the setting up of Serious Fraud Investigation Office (SFIO); and

(b) if so, the reaction of the Government thereto?

Answer

MINISTER OF THE STATE IN THE MIISTRY OF CORPORATE AFFAIRS (SHRI PREM CHAND GUPTA)

(a) & (b): Yes, Sir. The Government approved setting up of Serious Fraud Investigation Office (SFIO) on 9th January, 2003. However, it started functioning from 1st October, 2003.

A Coordination and Monitoring Committee (CMC), co-chaired by Secretary, (then) Ministry of Company Affairs (MCA) and Chairman, SEBI was set up in March, 1999 to settle the policy issues regarding the delinquent companies/promoters and to monitor the progress in regard to action against vanishing companies. Out of the companies that came out with the IPOs during 1992-98, a total of 229 companies were originally identified as vanishing companies. With the continuous efforts of CMC, 116 companies have been traced back, resulting in the number of Vanishing Companies being reduced to 113. Subsequently, the Task Forces have also undertaken a similar exercise in respect of the companies that came out with IPOs during 1998-2001. As a result of this exercise, 9 companies have been identified as vanished. Thus, the total number of vanishing companies as of now stands at 122.

The Serious Fraud Investigation Office (SFIO) has no role to play with regard to the monitoring of action taken against Vanishing Companies.