

**GOVERNMENT OF INDIA  
CORPORATE AFFAIRS  
LOK SABHA**

STARRED QUESTION NO:98

ANSWERED ON:17.08.2007

VANISHING COMPANIES

Barman Shri Hiten;Khaire Shri Chandrakant Bhaurao

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

- (a) whether the Government is aware that several companies have vanished after raising funds from public through public issues during the last three years;
- (b) if so, the details of such companies, State-wise;
- (c) whether the committee constituted relating to these companies has submitted its report;
- (d) if so, the details thereof and if not, the time b<sup>^</sup> which the committee would submit its report;
- (e) whether the Government has taken any action against such defaulting companies to protect the interests of the investors; and
- (f) if so, the details thereof?

**Answer**

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

(a) to (f): A statement is laid on the Table of the House.

Statement referred to in answer to Lok Sabha Starred Question No. 98 for 17.08.2007 regarding Vanishing Companies.

(a) & (b): Specific criteria have been adopted for identification of Vanishing Companies. On the basis of these criteria, no company Has vanished after raising funds from the public through public issues during the last three years.

(c) & (d): A Central Coordination and Monitoring Committee (CMC), co-chaired by Secretary, Ministry of Corporate Affairs and Chairman, SEBI has been set up to look into issues relating to vanishing companies and their promoters, and to monitor the progress of action taken against them. The work of this Committee is of continuing nature.

(e) & (f): While no companies have vanished during the last three years, 229 companies were originally identified as Vanishing Companies, which came out with IPOs during the periods 1992-98. With the continuous efforts of CMC, 116 companies have been traced back, resulting in the number of Vanishing Companies being reduced to 113 as of now. Further, CMC has also included 09 more companies, which came out with IPOs during 1998-2001 in the list of Vanishing Companies. The following actions against the Vanishing Companies and their promoters/directors have been taken by the Government under the relevant provisions of the Companies Act, 1956 and also under the Indian Penal Code (IPC):

(i) Prosecutions filed under Sections 62/63, 68 and 628 of the Companies Act, 1956.

(ii) Prosecutions filed under the Companies Act, 1956 for non-filing of statutory returns.

(iii) FIRs have also been filed/ registered under the Indian Penal Code (IPC).

(iv) SEBI has debarred promoters/directors u/s 11B of the SEBI Act from entering the Capital Market for a period of five years.