

**GOVERNMENT OF INDIA
CORPORATE AFFAIRS
LOK SABHA**

STARRED QUESTION NO:112

ANSWERED ON:04.03.2010

MONITORING COMMITTEE FOR VANISHING COMPANIES

Mahto Shri Baidyanath Prasad;Singh Shri Rajiv Ranjan (Lalan)

Will the Minister of CORPORATE AFFAIRS be pleased to state:

(a) whether a Central Coordination and Monitoring Committee has been constituted to investigate the issues relating to the vanishing companies and their promoters and to monitor the progress of action taken against them;

(b) if so, the number of such companies and their promoters against whom the action has been taken so far; and

(c) the amount recovered from them till date?

Answer

THE MINISTER OF CORPORATE AFFAIRS (SHRI SALMAN KHURSHID)

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

Statement referred to in answer to Lok Sabha Starred Question No.112 for 4.03.2010 regarding MONITORING COMMITTEE FOR VANISHING COMPANIES

Q. No. (a) : A Coordination and Monitoring Committee (CMC), co- chaired by Secretary, Ministry of Corporate Affairs and Chairman, Securities and Exchange Board of India (SEBI) has been set up to look into issues relating to companies that had come out with public issues and vanished and to monitor the progress of action taken against such vanishing companies and their promoters. Specific criteria have been adopted by CMC for identification of such vanishing companies.

Q. No.(b)&(c) : Out of the companies that came out with Initial Public Offer (IPO) during 1992 to 2005, a total of 238 companies were identified as vanishing companies. With the continuous efforts of the Ministry/ CMC, 117 companies have been traced back, resulting in the number of vanishing companies being reduced to 121. Prosecutions have been filed against 112 vanishing companies and their promoters/directors under various provisions of the Companies Act, 1956 and First Information Reports (FIRs) have also been filed against Promoters/ Directors of 112 vanishing companies under Indian Penal Code (IPC). 35 directors were arrested and later released on bail. The field offices are pursuing the prosecution cases in the respective courts.