

**GOVERNMENT OF INDIA
CORPORATE AFFAIRS
LOK SABHA**

UNSTARRED QUESTION NO:2653
ANSWERED ON:23.07.2009
MONITORING COMMITTEE FOR VANISHING COMPANIES
Chavan Shri Harischandra Deoram

Will the Minister of CORPORATE AFFAIRS be pleased to state:

- (a) whether a co-ordination and Monitoring Committee has been constituted to investigate the cases related to fly by night companies and their sponsors and to monitor the progress of action taken thereon;
- (b) if so, the number of such companies in the country including Maharashtra and their sponsors against whom action has been initiated so far;and
- (c) the status of investigation against those companies?

Answer

THE MINISTER OF CORPORATE AFFAIRS(SHRI SALMAN KHURSHID)

(a): A 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 companies that had come out with public issue 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.

(b) & (c): Out of the companies that came out with the IPOs during 1992-2005,a total 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. 12 companies were identified as vanishing companies in Maharashtra out of all the companies that came out with IPOs for the period 1992-2005.

Prosecutions have been filed in 110 cases for violations of various provisions of the Companies Act, 1956. The cases are pending before different courts for decision. FIRs have been filed in 112 cases under the Indian Penal Code (IPC). Investigation by respective State Police Authorities is at various stages in all these cases.