

**GOVERNMENT OF INDIA
CORPORATE AFFAIRS
LOK SABHA**

UNSTARRED QUESTION NO:888
ANSWERED ON:08.08.2013
VANISHING COMPANIES
Patle Kamla Devi

Will the Minister of CORPORATE AFFAIRS be pleased to state:

- (a) the total number of companies identified as companies which have vanished along with the details thereof, State-wise including Chhattisgarh;
- (b) whether any committee has been constituted to inquire into the issues related to the said companies and monitor the progress of the action taken against them;
- (c) if so, the number of such companies and their promoters against whom action has been taken so far;
- (d) the steps taken by the Government to find out other companies declared as vanished; and
- (e) the measures taken/ proposed to be taken by the Government to check such incidents?

Answer

THE MINISTER OF STATE (SHRI SACHIN PILOT) (INDEPENDENT CHARGE) IN THE MINISTRY OF CORPORATE AFFAIRS

- (a) Presently, there are 87 companies falling under the category, "Vanishing Companies". State-wise list of these Companies is enclosed at Annexure – I. No company having its registered office in Chattisgarh has been identified as a 'Vanishing Company'.
- (b) Yes, Madam.
- (c) FIRs have been lodged against all 87 companies and their Directors to trace their whereabouts and also to take action under Indian Penal Code (IPC). Prosecutions have also been filed against these companies and their Promoters/ Directors under sections 162 and 220 of the Companies Act, 1956 for non-filing of Statutory Returns and under Sections 62/ 63, 68 and 628 of the Companies Act, 1956 for mis-statement in prospectus/ fraudulently inducing persons to invest money/ false statements made in the offer documents, etc.
- (d) Instructions have been issued to the Registrars of Companies for physical verification of the registered offices of listed companies which have defaulted in filing their Balance Sheets and Annual Returns.
- (e) Following measures have been taken by the Ministry to check the incidents of vanishing companies:
 - i) In 2006, the Ministry has amended the Companies Act, 1956 by inserting Sections 266A to 266G which makes it mandatory for every existing or prospective director to obtain a 'Director Identification Number'. This process requires detailed verification of particulars of a person along with a photograph, identity proof, residence proof, etc. so that traceability of the directors is ensured.
 - ii) In case of incorporation of a new company or change of address of an existing company, Ministry has made it mandatory for the professionals verifying its details to personally visit the premises and certify that the premises are indeed at the disposal of the company. Further, in such cases, proof of registered address has also been made mandatory to be furnished at the time of incorporation or change of registered office address;
 - iii) Instructions have also been issued to the Registrars of Companies to scrutinise the Balance Sheets and other records of the companies which raise money through public issue so as to monitor the utilisation of such funds.