

**GOVERNMENT OF INDIA  
CORPORATE AFFAIRS  
LOK SABHA**

UNSTARRED QUESTION NO:140

ANSWERED ON:02.07.2009

VANISHING COMPANIES

Gaikwad Shri Eknath Mahadeo;Yaskhi Shri Madhu Goud

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

- (a) whether the Government has identified more than 100 vanishing companies in the country in the recent past;
- (b) if so, the details thereof;
- (c) the number of such companies against whom the cases filed so far under the provisions of the Companies Act, 1956; and
- (d) the steps taken by the Government to check recurrence of such activities of these companies in the country?

**Answer**

MINISTER OF THE STATE IN THE MINISTRY OF CORPORATE AFFAIRS (SHRI SALMAN KHURSHID)

(a) & (b): Out of the companies that came out with the IPOs during 1992-2001, a total of 238 companies were identified as vanishing companies. With the continuous efforts of the Ministry, 117 companies have been traced back, resulting in the number of vanishing companies being reduced to 121. Further, none of companies that came out with IPOs during the period i.e. 2001-2005 fall in the category of vanishing company.

(c): The Government has taken following action against the vanishing companies and their Promoters/Directors:

- (i) Prosecutions have been filed in 110 cases for violations of various provisions of the Companies Act, 1956.
- (ii) FIRs have been filed in 112 cases under the Indian Penal Code (IPC).
- (iii) SEBI has debarred 100 companies and 378 directors u/s 11B of the SEBI Act from entering capital market for a period of five years.

(d): The Government has already launched MCA-21 e-Governance project under which all statutory filings by the companies are done in e-Governance mode. This project provides for mandatory Director Identification Number (DIN) under which the identity of authorised directors and professionals is established in a secure manner. Government has issued directions to Registrars of Companies (RoCs) to carry out technical scrutiny of Balance Sheets of companies to find out the end use of IPOs proceeds. Apart from above, the SEBI has amended the existing Clause 49 of the Listing Agreement which seeks to strengthen the disclosure requirements in particular pertaining to promoters and also providing for monitoring of utilisation of funds raised from the public, as a result of which none of companies that came out with IPOs during the period i.e. 2001-2005 fall in the category of vanishing company.