

**GOVERNMENT OF INDIA
CORPORATE AFFAIRS
LOK SABHA**

UNSTARRED QUESTION NO:2269
ANSWERED ON:05.12.2014
FLY BY NIGHT COMPANIES
Patle Smt. Kamla Devi

Will the Minister of CORPORATE AFFAIRS be pleased to state:

- (a) the number of companies in the country identified as fly-by-night companies along with the estimated amount involved therein, State/UT-wise including Chhattisgarh;
- (b) whether the Government has constituted/proposes to constitute a Committee to identify and monitor such companies, if so, the details along with the findings thereof and the follow-up action taken by the Government thereon; and
- (c) the other steps taken/being taken by the Government to create awareness among people about the investment scenario in the country and keep a check on such companies?

Answer

THE MINISTER OF CORPORATE AFFAIRS (SHRI ARUN JAITLEY)

- (a) Companies which, after raising funds through Public issues, fail to file documents and balance sheets and become untraceable are called 'Vanishing Companies'. Initially 238 such companies were identified. Out of these, 128 companies subsequently started filing their returns etc. and therefore they are no longer regarded as 'Vanishing Companies' and are subjected to special monitoring by being kept under a 'watch list'. Out of the remaining companies 32 are now under liquidation. As on date, there are 78 companies in the 'vanishing companies' category. The total amount raised by these 78 companies was Rs. 310.21 crore (approx.). State/UT-wise list of 78 vanishing companies is enclosed as Annexure.
- (b) A Coordinating and Monitoring Committee already exists to identify and monitor the activities of such companies. FIRs have been lodged against all 78 companies and their Directors to trace their whereabouts and also to take action against them under Indian Penal Code (IPC). Prosecutions have also been filed against such companies and their Directors under sections 162 and 220 of the Companies Act, 1956 for non-filing of annual returns and balance sheet, respectively and also 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.
- (c) The Ministry has also undertaken proactive measures of sensitizing the people through organizing investors awareness programmes. These programmes are organized regularly in association with the Institute of Chartered Accountants of India (ICAI), Institute of Cost Accountants of India (ICAI) and Institute of Company Secretaries of India (ICSI) under the Investor Education and Protection Fund (IEPF) for creating awareness and empowerment among the investors. Since 2012-2013, the Ministry has also started organizing such programs in rural areas through CSC e-Governance Services India Ltd. a company under Department of Electronics and Information Technology. During 2013-14 2897 such programs were conducted.