

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1678
ANSWERED ON:12.12.2003
VANISHED COMPANIES
MALYALA RAJIAH

Will the Minister of FINANCE be pleased to state:

- (a) whether the Lucknow bench of Allahabad High Court ordered the Security and Exchange Board of India to submit details of vanishing companies;
- (b) if so, whether the information has since been submitted; and
- (c) if so, the broad details in this regard?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ANANDRAO VITHOBA ADSUL):

(a) and (b) Yes, Sir.

(c) As per criteria laid down by Co-ordination and Monitoring Committee (CMC) jointly headed by the Secretary, Department of Company Affairs, Government of India and Chairman SEBI, 185 companies have been identified as vanishing companies. The action taken in this regard is as under:-

- 1) SEBI has passed orders under section 11 B of the SEBI Act against 96 vanishing companies and 361 directors of such companies.
- 2) 149 prosecutions have been filed against vanishing companies/their directors.
- 3) Further, the public companies in which the said directors hold controlling or substantial interest shall not be allowed to raise funds from the capital market for a period of five years. When companies/directors are debarred, references are made by SEBI to the state government requesting them to initiate action under applicable investor protection act or under Indian Penal Code. The lists of debarred companies and directors are also forwarded to other concerned agencies for appropriate action.