

**GOVERNMENT OF INDIA  
COMPANY AFFAIRS  
LOK SABHA**

UNSTARRED QUESTION NO:6228

ANSWERED ON:06.05.2005

VANISHED COMPANIES

Athawale Shri Ramdas;Modi Shri Sushil Kumar;Mohite Shri Subodh;Yadav Shri Mitrasen

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

- (a) whether a large number of companies are vanishing with investors money as reported in `Punjab Kesari` dated April 19, 2005;
- (b) if so, the number of such companies came to the notice of the Government during the last three years;
- (c) whether the Government has started prosecution of such companies;
- (d) if so, the number of FIRs so far filed by Government against those companies;
- (e) whether the Government is taking other steps to check the activities of such companies in consultation with State Governments;
- (f) if so, the details thereof;
- (g) whether the Government propose to amend Companies Act to take stern action against such companies; and
- (h) if so, the details thereof?

**Answer**

MINISTER OF COMPANY AFFAIRS ( SHRI PREM CHAND GUPTA)

(a) & (b) No Sir. In the past, companies, which came out with public issues during the period 1992-1998 and subsequently vanished, have been identified. At present, 115 companies stand identified as vanished companies. No such case, meeting the criteria of vanished companies, has been reported during the last three years.

(c) & (d) Prosecutions have been filed against the unscrupulous companies, their promoters/ directors under various provisions of the Companies Act. Similarly, action has also been initiated by filing First Information Reports (FIRs) against these promoters/ directors under the Indian Penal Code. So far, FIRs have been filed against 100 vanishing companies.

(e) & (f) The Ministry of Company Affairs has set up , in August, 2004, a Monitoring Committee for closely monitoring all cases of prosecutions launched under the Companies Act, 1956 and FIRs filed/registered under the Indian Penal Code against vanishing companies and their Directors. This Committee is co-chaired by Secretary, Ministry of Company Affairs and Chairman, SEBI and includes senior officers of various State Governments.

(g) & (h) The Government has taken a comprehensive review of the Companies Act, 1956 with a view to revise it. A Concept Paper on Company Law has been released by this Ministry in August, 2004 to enable wide exposure and consultations in evolving a comprehensively revised Companies Bill. A Committee of Experts headed by Dr. J.J. Irani has also been set up to advise the Government on issues relating to the proposed new Company Law, including on legal action for violations of Company Law and protecting the interests of investors.