

**GOVERNMENT OF INDIA
COMPANY AFFAIRS
LOK SABHA**

UNSTARRED QUESTION NO:1639

ANSWERED ON:02.12.2005

CANCELLATION OF REGISTRATION OF DEFAULTER COMPANIES

Pathak Shri Brajesh

Will the Minister of COMPANY AFFAIRS be pleased to state:

- (a) whether the Panel of Legal experts has suggested to the Government in the month of October 2005 to cancel the registration of the defaulter companies;
- (b) if so, the details thereof alongwith the reaction of Government thereto;
- (c) whether the Government proposes to takes steps against such companies regarding the cancellation of registration; and
- (d) if so, the details thereof?

Answer

MINISTER OF COMPANY AFFAIRS (SHRI PREM CHAND GUPTA)

(a) to (d) The Expert Group headed by Shri O.P. Vaish constituted by the Government on Streamlining Prosecution Mechanism under the Companies Act, 1956 submitted its report on 19th October, 2005. It has interalia made certain suggestions for striking off the names of defaulting/defunct companies under section 560 of the Act. While the recommendations of the said report are under examination in context of the statutory provisions, the Government have already afforded an opportunity to defunct companies to exit from the Register of companies through Simplified Exit Scheme (SES) 2005. 26483 companies have made applications under this scheme. The Government will continue to pursue action under relevant provisions of the Law against defaulters, including striking off the names of such companies from the companies register.