

**GOVERNMENT OF INDIA  
MINISTRY OF CORPORATE AFFAIRS**

**LOK SABHA  
STARRED QUESTION NO. 577  
ANSWERED ON FRIDAY, THE 6<sup>th</sup> APRIL, 2018/  
CHAITRA 16, 1940 (SAKA)**

**DEFUNCT/INACTIVE COMPANIES**

**QUESTION**

**\*577. SHRI RAMSINH RATHWA:**

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

**कारपोरेट कार्य मंत्री**

**(a) whether the number of defunct/inactive companies in the country including Gujarat have risen over the years and if so, the details thereof during the last two years;**

**(b) whether the Government has announced the 'Easy Exit Scheme' for defunct/inactive companies to get their names struck off by the Registrar of Companies;**

**(c) if so, the details thereof and the response of the companies thereto; and**

**(d) the other steps taken/being taken by the Government in this regard?**

**THE MINISTER OF CORPORATE AFFAIRS**

**कारपोरेट कार्य मंत्री**

**(SHRI ARUN JAITLEY)**

**(श्री अरुण जेटली)**

**(a) to (d):- A statement is laid on the Table of the House.**

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**STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (d) OF THE STARRED QUESTION NO. 577 FOR ANSWER IN LOK SABHA ON 06.04.2018**

**(a):- Section 248 empowers the Registrar of Companies (ROCs) to remove the names of the companies where the ROC has a reasonable cause to believe that the company is not conducting any business or in operation for the last two consecutive Financial Years. Companies which were not filing Financial Statements for the last two or more financial years are, *prima facie*, taken as falling in this category. In the first drive, this Ministry identified 2.97 Lakh companies in March 2017, which were, *prima-facie*, not in operation or conducting any business for the last two years. In the second drive, a total of 2,25,910 companies have been identified for action under section 248 on the basis of non-filing of financial statements up to Financial Year 2016-17.**

**(b):- Further, with the commencement of Section 248 (2) of the Act read with Companies (Removal of Names of Companies from the Register of Companies) Rules, 2016 a simple procedure has been laid down for voluntary exit of companies that are free of liabilities or any other infringements. Now, a company may, after extinguishing all its liabilities, by a special resolution or consent of seventy five per cent of its members in terms of paid up share capital, file an application in eform STK-2 with filing fees of Rs.5,000/- to the Registrar for removing the name of the company from the Register of Companies on all or any of the grounds specified in sub section (1) and the Registrar shall, on receipt of such application, cause a public notice to be issued in the manner prescribed in the aforesaid rules. The Registrar after following the due process such as intimating the concerned regulatory authorities like Income Tax Authority, etc. about the proposed action of removal of name of such companies and seek objections if any. In case no objection is received within the prescribed time, the Registrar shall cause a notice under sub-section (5) of section 248 of striking off the name of the company from the register of companies and its dissolution to be published in the official gazette in Form STK-7 and the same shall be placed on the website of the Ministry of Corporate Affairs.**

**(c):- As per data available from the MCA21 system, 26260 companies have filed application for removal of their names in Form STK-2 during the year 2017-18.**

**(d):- The exercise of removal of names of companies by the concerned ROCs is a continuous process to identify defunct/inactive companies.**

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