



The Minister of State for Law, Justice and Corporate Affairs, Mr. P. P. Chaudhary reviews the follow-up action by the States on properties belonging to around 2.09 lakh companies struck-off from the Register of Companies by the Central Government.

Mr. P. P. Chaudhary asks the States' representatives that process of identification and tracking of properties belonging to such companies needs to be completed at the earliest and requisite information be shared with the Ministry of Corporate Affairs in a time bound manner.

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The Minister of State for Law, Justice and Corporate Affairs, Mr. Chaudhary today sought the response from the representatives of the State Governments on the letter sent by the Ministry of Corporate Affairs on September 12, 2017 to the States for identification and tracking of properties belonging to around 2.09 lakh companies which had been struck-off by the Central Government. Till then, the figure of struck-off companies presently stands at around 2.25 lakh. Mr. Chaudhary insisted that the process of identification of such properties needs to be completed at the earliest and requisite information be shared with the Ministry of Corporate Affairs in a time bound manner.

The Minister of State for Law, Justice and Corporate Affairs, Mr. Chaudhary was speaking at the Meeting held today in the Ministry of Corporate Affairs under his chairmanship to discuss the follow-up action by the States on properties belonging to the companies struck-off from the Register of Companies by the Central Government under Section 248 of the Companies Act, 2013.

At the outset of the meeting, the Minister of State for Law, Justice and Corporate Affairs, Mr. Chaudhary emphasized that tackling the menace of Shell Companies is an imperative element of fight against Black Money. He said that such fight against corruption was meant to be a multi-pronged one and it was necessary for all stakeholders, including the States, to play their role in this fight. He stressed that such a drive shall unearth *benami* properties which shall discourage illegal and corrupt practices in the system thereby creating a healthy economic environment for honest businessmen. Mr. Chaudhary highlighted that this whole exercise shall go a long way in creating an atmosphere of confidence and faith in the corporatesystem paving the way for ease of doing business in India. The interest of stakeholders would be protected and the image of the country in the global business arena and fora would substantially improve.

During the aforesaid Meeting, additional State-wise information pertaining to such companies was shared with the State representatives. The Minister of State for Law, Justice and Corporate Affairs, Mr. Chaudhary expressed confidence that since the country-wide land records had been computerized, it would not take much time for the States to provide the requisite information to the district authorities as also to the Central Government.

The Minister of State for Law, Justice and Corporate Affairs, Mr. Chaudhary impressed upon the State representatives that consequent upon striking-off of these companies from the Register of Companies, any transaction pertaining to properties owned by such companies, by the Directors or authorized signatories of such companies on behalf of the companies, would be *void ab initio* and a nullity till such companies are restored by an order of National Company Law Tribunal (NCLT) under Section 252 of the Companies Act, 2013. In fact, by virtue of the company's name having been struck-off from the Register of Companies under the Companies Act, 2013, its identity as a legal person had been lost and hence, the legal ownership of properties belonging to such a company was non-existent.

The Minister of State for Law, Justice and Corporate Affairs, Mr. Chaudhary clarified that it was the duty of the District Administration to prevent any transaction of such properties and exercise due diligence based on the information shared by the Ministry of Corporate Affairs. He impressed upon the State representatives to ensure that requisite directions are urgently issued to all the district authorities dealing with registration of properties to put appropriate mechanism in place so as to prevent transactions in properties belonging to such struck off companies. Mr. Chaudhary also advised that the erring officials allowing registration of transactions in such properties by ignoring the requisite directions, may be subjected to disciplinary action, because permitting and registering transactions in such properties was illegal, as the companies owning such properties stand dissolved under the Companies Act, 2013.

The Minister of State for Law, Justice and Corporate Affairs, Mr. Chaudhary expressed confidence that the support of the States in this drive against black money would ensure its success in ushering a clean and effective Corporate Governance in the country.

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