

The Task Force on [Shell Companies](#) has de-registered more than 226,000 (2.26 lakh) [shell companies](#) from the Registrars of [Companies](#) in the financial year 2017-18, the Ministry of Finance said on Friday.

The Task Force was set up in February last year by the Prime Minister's Office under the joint Chairmanship of the Revenue Secretary and Secretary, Ministry of Corporate Affairs (MCA), with a mandate to check in a systematic way, through a coordinated multi-agency approach, the menace of companies indulging in illegal activities, including facilitation of tax evasion, and commonly referred to as [shell companies](#).

The Department of Financial Services, Central Board of Excise and Customs (CBEC), Central Bureau of Investigation (CBI), Enforcement Directorate (ED), Serious [Fraud](#) Investigation Office (SFIO), Reserve Bank of India (RBI), Central Board of Direct Taxes (CBDT), and Securities and Exchange Board of India (SEBI) are some of the task force's core members.

A database of shell companies was compiled by the [SFIO](#). This database is comprised of three lists -- the confirmed List, derived list and suspect list. The confirmed list has a total of 16,537 confirmed shell companies on the basis of the information received from the various law enforcement agencies, which found the companies to be involved in illegal activities. The derived list has 16,739 companies identified on the basis of 100 per cent common directorships with the confirmed shell companies. The suspect list has 80,670 suspected shell companies and has been drawn up by [SFIO](#) using certain red flag indicators.

ALSO READ: [Banned shell firms come under tax scanner; CBDT asks MCA to give details](#)

In a drive carried out under the supervision of the Ministry of Corporate Affairs in the financial year 2017-18, as many as 226,166 companies, which had not filed their financial statements or annual returns for a continuous period of two or more financial years were identified and removed from the register of companies under Section 248 of the Companies Act, 2013.

Furthermore, 309,619 directors were also disqualified for similar irregularities, and have been restricted from operating the bank accounts of these companies, other than for specified purposes, until the firm is restored under the [Companies Act](#).

A total of 225,910 companies have been further identified for being officially struck-off in a second drive by the Task Force to be launched during the financial year 2018-19.

ALSO READ: [Centre close to cracking shell firm puzzle; panel decides 18 parameters](#)

The Condonation of Delay Scheme, 2018, was effective from January 1 to May 1, 2018, to help to regularise the pending returns of the genuine corporates. A total of 13,993 companies benefited from the scheme.

Through its efforts to clean up the registry, the government aims to create a transparent and compliant corporate ecosystem in India, promote the cause of ease of doing business and enhance the trust of the public.

The constitution of the Special Investigation Team on Black Money, enactment of the [The Black Money](#) (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015, Income Declaration Scheme, 2016, Benami Transactions (Prohibition) Amendment Act, 2016, and the [demonetisation](#) scheme were some of the measures taken by the government to tackle the menace.