

GOVERNMENT OF INDIA
MINISTRY OF CORPORATE AFFAIRS
LOK SABHA
UN-STARRED QUESTION NO. 2425
ANSWERED ON Monday, August 3, 2026
Campaign Against 'Shell' Companies

QUESTION

2425. Shri Imran Masood

Will the Minister of CORPORATE AFFAIRS be pleased to state:

- (a) whether the Government has reviewed the campaigns conducted between April and June 2026 against shell companies, fake directors and suspicious corporate transactions;**
- (b) if so, the details of the companies identified, Director Identification Numbers (DIN) cancelled, and investigations initiated during this period;**
- (c) whether the Government has developed any system to identify suspicious companies through an AI-based risk analysis system, if so, the details the details thereof;**
- (d) whether any coordinated information-sharing mechanism with other enforcement agencies has been established in this regard, and**
- (e) if so, the details thereof and if not, the reason thereof?**

ANSWER

(a) & (b) The term 'shell company' is not defined under the Companies Act, 2013. No such specific review was undertaken during April to June 2026.

(c) No AI based risk analysis system is in use currently. However, under the MCA-21, a risk-profiling & rule based analytical system for monitoring compliances has been developed. The Ministry uses red-flag indicators such as NIL/insignificant business, NIL/insignificant assets, non-maintenance of registered office by the companies, etc. for taking suitable enforcement actions depending upon the facts of the case.

(d) & (e) The Ministry has data sharing mechanisms with various law enforcement agencies through automatic API integration and from time to time, query-based sharing of data related to the companies, LLPs and the individuals associated with them is facilitated. Further, the Ministry

receives information, pertaining to companies alleged/observed to be indulging in suspicious/potentially fraudulent transactions from Financial Intelligence Unit (FIU), CEIB (Central Economic Intelligence Bureau), Regional Economic Intelligence Councils (REICs) and SLCCs (State Level Co-ordination Committees), which serves as inputs for taking appropriate actions under provisions of Companies Act, 2013. Additionally, the Ministry also shares relevant information with other law enforcement agencies such as Enforcement Directorate (ED), Income Tax (IT) Department, and GST Authorities, for further appropriate actions under their respective statutes.
