

Govt. warns directors of 2.09 lakh scrapped firms

P.P. Chaudhary

The government has warned directors of the 2.09 lakh companies, which have been struck off the Register of Companies, against siphoning funds out of these firms' bank accounts, for, this could attract punishment that includes at least six months up to three years of imprisonment.

The finance ministry had, on Tuesday, urged banks to freeze bank accounts of 2.09 lakh firms. On Wednesday, the ministry warned that the 'two to three lakh directors' of firms that have been disqualified would face 'strict action' even if they have 'siphoned off any money prior to' banks imposing restrictions on such accounts.

Newly appointed Minister of State for Corporate Affairs P.P. Chaudhary said more shell companies were being identified, as efforts were under way to identify the ultimate beneficiaries behind firms already struck off.

'Professionals identified'

Professionals such as chartered accountants, company secretaries and cost accountants associated with such shell companies and involved in illegal activities had been identified in certain cases and action against them was being monitored, he added. "The weeding out of shell companies would not only help in checking the menace of black money but also would promote an ecosystem of 'Ease of Doing Business' and enhancing investors' confidence...

"The financial status of the companies would be reflected in a true and fair manner which would minimise the possibility of frauds and tax evasion... the availability of funds for illegal purposes will also be choked," the minister said.

"... in case the director... of any 'struck off' company tries to unauthorisedly siphon-off money from its bank account, he/she may attract punishment of imprisonment of not less than six months extendable to 10 years," a statement said.

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