



War on black money: Government likely to shut down 6-7 lakh shell companies



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"There are about 15 lakh registered companies in India and only 6 lakh companies file their annual return. This means a large number of these companies may be indulging in financial irregularities," a statement from PMO said earlier this month.



Broadening the scope of investigation to unearth hidden black money from the system post the demonetisation exercise in November last year, the government has decided to crack the whip on the institutional money laundering which is rampant in the system.

The government said it will shut down around 6 to 7 lakh dormant companies, many of which were engaged in high-value transaction post note ban and also deposited huge amount of cash in banks, a [report](#) in *Times of India* said.

According to the report, these companies have not been filing their annual returns with the registrar of companies and thus never came on the tax department's radar.

There are such 15 lakh registered companies, of which over 40 percent entities are suspected to be involved in money laundering cases.

It was decided at the meeting earlier this month that appropriate "red flag" indicators will be used for identifying shell companies, and a database of such companies and their directors will be built by pulling in information from various agencies.



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