

**GOVERNMENT OF INDIA
MINISTRY OF CORPORATE AFFAIRS**

**RAJYA SABHA
UNSTARRED QUESTION NO. 218
ANSWERED ON TUESDAY, JULY 22, 2025**

EASE OF DOING BUSINESS AND COMPANY REGISTRATIONS

QUESTION

218. SHRI DHANANJAY BHIMRAO MAHADIK

Will the Minister of Corporate Affairs be pleased to state

- (a) the number of new companies registered annually in the last three years, State-wise;
- (b) whether the process for incorporation and compliance filing has been simplified for small business and startups.
- (c) the average time taken to register a company on the MCA portal; and
- (d) the steps taken to enhance digital interface, reduce red tape, and promote entrepreneurship, especially in tier-2 and tier-3 cities?

ANSWER

**MINISTER OF STATE IN THE MINISTRY OF CORPORATE AFFAIRS AND
MINISTER OF STATE IN THE MINISTRY OF ROAD TRANSPORT AND
HIGHWAYS.**

[SHRI HARSH MALHOTRA]

- (a) The number of companies registered annually in the last three years state-wise is as at Annexure - I
- (b) To enable ease of incorporation, the following major steps have been taken:
 - (i) A Centralized Registrar of Companies (CRC) has been set up to provide uniformity in the incorporation process. An e-Form SPICe+ along with a linked form called AGILE PRO-S for providing different services at one place such as Name Reservation, Incorporation, Allotment of PAN, TAN, DIN, EPFO Registration, ESIC Registration, GST number, opening of Bank Account etc. at the time of incorporation of company which enables to start business immediately has been provided
 - (ii) There is zero fee for incorporation of company with authorized capital up to Rs.15.00 Lakh.
 - (iii) The information regarding simplification for compliance filing in respect of small companies and start-ups is at Annexure -II and Annexure -III respectively.
- (c) Presently, the average time taken for incorporation of companies is about 2.4 days.
- (d) The steps taken to enhance digital interface, reduce red tape, and promote entrepreneurship, including in tier-2 and tier-3 cities is at Annexure - IV.

ANNEXURE - I

REFERRED TO IN PART (A) OF RAJYA SABHA UNSTARRED QUESTION NO. 218
FOR 22.07.2025.

NUMBER OF COMPANIES REGISTERED ANNUALLY IN LAST 3 YEARS,
STATE-WISE

Sl no	State				
1	Andaman and Nicobar Islands	44	86	63	193
2	Andhra Pradesh	4,204	3,691	2,985	10,880
3	Arunachal Pradesh	123	207	86	416
4	Assam	1,668	1,851	1,556	5,075
5	Bihar	6,140	6,295	5,037	17,472
6	Chandigarh	552	628	572	1,752
7	Chhattisgarh	1,591	1,619	1,301	4,511
8	Dadra&NagarHaveli DamanandDiu	54	50	60	154
9	Delhi	16,077	16,998	15,584	48,659
10	Goa	682	632	584	1,898
11	Gujarat	10,551	10,212	8,970	29,733
12	Haryana	9,447	9,513	7,578	26,538
13	Himachal Pradesh	773	783	641	2,197
14	Jammu&Kashmir	1,380	1,433	1,016	3,829
15	Jharkhand	2,052	2,145	1,756	5,953
16	Karnataka	13,502	14,870	12,131	40,503
17	Kerala	6,258	6,258	5,767	18,283
18	Ladakh			11	11
19	Lakshadweep	5	8	3	16
20	MadhyaPradesh	5,195	5,433	4,768	15,396
21	Maharashtra	31,559	32,602	29,143	93,304
22	Manipur	237	218	233	688
23	Meghalaya	84	83	80	247
24	Mizoram	74	75	46	195
25	Nagaland	107	147	69	323
26	Odisha	3,224	3,217	2,820	9,261
27	Puducherry	207	189	186	582
28	Punjab	2,818	3,079	2,421	8,318
29	Rajasthan	7,685	6,884	6,021	20,590
30	TamilNadu	12,682	12,633	10,584	35,899
31	Telangana	12,277	12,306	10,247	34,830
32	Tripura	158	175	113	446
33	UttarPradesh	19,610	20,612	17,341	57,563
34	Uttarakhand	1,765	1,704	1,556	5,025
35	WestBengal	8,353	8,682	7,973	25,008
36	GrandTotal	181,138	185,318	159,302	525,758

ANNEXURE - II

REFERRED TO IN PART (B) OF RAJYA SABHA UNSTARRED QUESTION NO. 218
FOR 22.07.2025

DETAILS OF SIMPLIFICATION OF COMPLIANCE IN RESPECT OF SMALL COMPANIES

Sr. No.	Section	Subject	Provisions in the Company Act, 2013 to support Small Companies
1.	2(40) proviso	Financial Statement	Requirement of cash flow statement to be part of financial statement made optional.
2.	92(1) Proviso	Annual return	(i) Shall be signed by a company secretary or where there is no company secretary by a Director of the company. (ii) Abridged annual return prescribed for small companies.
3.	92(1)(g)	Disclosure in annual return about remuneration of directors	Disclosure as to aggregate of amount of remuneration drawn by directors adequate for small companies.
4.	134(3A)	Board's Report	Abridged Board Report prescribed for small companies.
5.	139(2) read with rule 5 of Companies (Audit and Auditors) rules, 2014	Rotation of auditors	Rotation of auditors in small companies is not mandatory.
6.	141(3)(g)	Restriction on auditor-ships	Restriction w.r.t. maximum auditor-ships not applicable to auditors of small companies.
7.	143(3)(i)	Disclosure in Auditors report on internal financial controls	These disclosures are not applicable for small companies.
8.	173 (5)	Meetings of Board.	Under Companies Act, 2013, Board of Directors of a company are required to meet at least once in 120 days, 4 board meetings in a year. However, in case of a small company, one board meeting in each half of a calendar year with a gap between two meetings of not less than 90 days is sufficient to comply with the requirement of section 173(5) of the Companies Act.
9.	233	Merger through approval of RD	Mergers between two or more small companies or between one or more start-up company with one or more small company allowed through approval of RD.

10.	446B	Lesser penalties	Small companies are entitled for lesser penalties as per section 446B.
11.	Rule 8(12)(a)	Companies (Registration offices and Fees) amendment Rules, 2014	Small companies are exempted from requirements w.r.t. pre-certification of forms by professionals.
12.	Annexure-Table of fees	Companies (Registration offices & Fees) amendment Rules, 2014	Lesser fees allowed for small companies.
13.	Clause 1(2)(iv)	Companies (Auditor's Report) Order, 2020 (CARO 2020)	The Companies (Auditor's Report) Order (CARO) 2020 is not applicable on small companies
14.	Incorporation of small companies		Zero fee is charged for incorporation of all companies with authorized capital up to Rs. 15 lakh or with up to 20 members where no share capital is applicable.

ANNEXURE III

REFERRED TO IN PART (B) OF RAJYA SABHA UNSTARRED QUESTION NO. 218 FOR 22.07.2025.

DETAILS OF SIMPLIFICATION OF COMPLIANCE IN RESPECT OF START-UPS

S.No.	Section /Rules	Subject	Provisions in the Company Act, 2013 to support Start-ups
1.	Section 2(40)	Financial Statement	Requirement of cash flow statement to be part of financial statement is optional for Start-ups.
2.	Section 73(2) clause (a) to (e)	Acceptance of deposits	Start-ups were exempted from procedural compliance at the time of accepting deposits from its members (such as issuance of a circular to its members showing the financial position of company, credit rating, depositing 20% of the maturing deposits, and certification regarding default in repayments).
3.	Section 92(1)	Annual Return	Directors of a start-up are allowed to sign annual returns of the private limited company if the Company does not have Company Secretary.
4.	Section 173(5)	Meetings of Board	Under the Companies Act, 2013, Board of Directors of a company are required to meet at least once in 120 days, 4 board meetings in a year. However, Start-ups are exempted from holding quarterly board meetings and are allowed to hold two board meetings in a calendar year, i.e., once every six months.
5.	Rule 6 of Companies (Incorporation) Rules, 2014	Conversion of OPCs into Public and Private Companies	The requirement that an OPC must convert itself after its paid-up capital exceeds Rs 50 lakh and its average annual turnover exceeds Rs 2 crore was omitted. Since many start-ups are One Person Company, this allows them to retain the status as an OPC.
6.	Rule 8(4) of Companies (Share Capital and Debenture) Rules, 2014)	Sweat Equity	In general, the issuance of sweat equity shares in a company shall not exceed 25% of the paid-up capital of the company at any time. However, in the case of start-ups, this limit is upto 50% of its paid-up share capital.
7.	Rule 12(1)(c) of Companies (Share Capital and Debentures) Rules,	Employee Stock Options (ESOPs)	In general, ESOPs are not given to employee who is a promoter or a person belonging to the promoter group and a director who either himself or through his relative or a body

	2014		corporate, directly or indirectly holds more than 10% equity of the company. Start-ups are allowed to issue ESOPs to promoters and directors.
8.	Rule 2 (1)(c) (xvii) Companies (Acceptance of Deposits) Rules, 2014	Convertible Note	Start-ups can receive an amount of Rs 25 lakh or more by way of a convertible note (convertible into equity shares or repayable within a period not exceeding ten years from the date of issue) in a single tranche, from a person, and such transactions are not considered deposit.
9.	Rule 3(3) of Companies (Acceptance of Deposits) Rules, 2014	Acceptance of deposits	Companies may ordinarily accept or renew any deposits from its members not exceeding 35% of the paid-up share capital, free reserves and securities premium account of the company. But start-ups have been permitted to accept deposits from members without any restriction on the amount.

ANNEXURE - IV

REFERRED TO IN PART (D) OF RAJYA SABHA UNSTARRED QUESTION NO. 218 FOR 22.07.2025.

INITIATIVES TO ENHANCE DIGITAL INTERFACE, REDUCE RED TAPE, AND PROMOTE ENTREPRENEURSHIP.

- i) MCA21 is the first Mission Mode e-Governance Project under National e-Governance Plan (NeGP). The Ministry of Corporate Affairs has been operating it from end-to-end for registry and incorporation related services of Companies & LLPs since 2006 and corporates have been making filings on this portal since then.
- ii) The MCA21 V3 platform facilitates Ease of Doing Business, and has introduced web-based forms, enabling real-time validation of the data entered by stakeholders. Additionally, a user registration process has been implemented to enhance user identification and authentication. This process enables users to track the status of their filed forms and download challans and certificates directly from their application dashboard. To further support stakeholders, a live chat feature has been integrated into the helpdesk, providing real-time assistance and enhancing the overall user experience.
- iii) Doing away with requirement for minimum paid up capital, from Rs. 1 lakh for a private company and Rs. 5 lakh for a public company.
- iv) The C-PACE (Centre for Processing Accelerated Corporate Exit) (C-PACE) was made operational w.e.f. 1.05.2023 under Section 242(2) of the Companies Act, 2013 for centralized and transparent processing of the matters related to voluntary closure of the companies. This is an important mechanism which enables entrepreneurs to have ease of exit which is equally important factor in promoting entrepreneurship as much as ease of doing business.
- v) the Central Processing Centre (CPC) was operationalized w.e.f 16.02.2024 for faster and centralised handling of various electronic e-forms filed earlier with jurisdictional ROCs under Companies Act, 2013.
- vi) Streamlining Annual Compliance: Abridged and concise versions of Annual Returns have been introduced for small companies and One Person Companies (OPCs).
- vii) Faceless and Electronic Adjudication Mechanism: Transition to a faceless adjudication mechanism to eliminate physical hearings for corporate default cases has been started.

viii) Decriminalization of 63 provisions under the Companies Act, 2013, and LLP Act, 2008. Capping of penalties for small entities (Rs. 2 Lakh for companies and Rs. 1 lakh for officers-in-default).

ix) The Companies (Listing of equity shares in permissible jurisdiction) Rules, 2024 have been issued vide notification dated 24.01.2024. Through this policy initiative Indian Public companies have been allowed to list their equity shares on the international stock exchanges at GIFT IFSC. This enables Indian public companies, especially start-ups and companies in the sunrise and technology sectors, to use this alternative avenue to access global capital beyond the domestic exchanges.

x) Further, Department for Promotion of Industry and Internal Trade (DPIIT) has taken various initiatives aimed at simplifying and streamlining business regulations and is responsible for several key initiatives to integrate elements from the Business-Ready assessment, (B-Ready) Program of World Bank, Reducing Compliance Burden (RCB), analysing Cost of Regulation, National Single Window Portal (NSWS) and Business Reform Action Plan (BRAP). These initiatives are designed to improve India's business climate, attract investments and foster economic growth by reducing bureaucratic hurdles and making the regulatory environment business friendly.

xi) As part of Ease of Doing Business strategy the Government has developed various platforms to ensure better co-ordination and eased process for registration and application for companies under its various initiatives such as National Single Window System, Single Business ID, PM Gati Shakti, ULPIN etc.
