

**GOVERNMENT OF INDIA
MINISTRY OF CORPORATE AFFAIRS**

RAJYA SABHA
UNSTARRED QUESTION NO. 1805
ANSWERED ON TUESDAY, DECEMBER 16, 2025

DECRIMINALISATION AND TRUST-BASED GOVERNANCE

QUESTION

1805. Dr. Parmar Jashvantsinh Salamsinh:
Shri Sadanand Mhalu Shet Tanavade:
Dr. Dinesh Sharma:

Will the Minister of CORPORATE AFFAIRS
be pleased to state:

- (a) the manner in which the implementation of faceless adjudication has reduced pendency of cases in NCLT and enhanced efficiency and transparency in resolving minor defaults;
- (b) the manner in which the decriminalisation of minor procedural offences has increased entrepreneurship confidence and impacted India's global Ease of Doing Business ranking;
- (c) whether C-PACE is achieving its objective of providing a fast and centralised exit mechanism for non-operational companies and LLPs and if so, the details thereof; and
- (d) the measures taken by the Ministry to promote voluntary compliance and strengthen accountability by limiting punitive action to serious offences only?

ANSWER

**THE 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 Government has amended the Companies Act, 2013 in the year 2018 and 2020 pursuant to which many offences of technical and procedural nature have been decriminalized. This has reduced the burden on criminal courts and National Company Law Tribunal. The Companies (Adjudication of Penalties) Rules, 2014 have been amended in August, 2024 pursuant to which it has been provided that the adjudication proceedings under section 454 of the Companies Act, 2013 by the Adjudicating Officers and Regional Directors shall take place in electronic mode only through the e-adjudication platform developed by the Ministry for this purpose. This is aimed at ensuring that adjudication of such proceedings take place in a transparent, faster and user-friendly manner.

(b): In keeping with the Government's objective of incentivizing compliance with law and providing greater ease of doing business to law abiding corporates, de-criminalization of

technical & procedural violations under Companies Act, 2013 has been done in two stages (in the year 2018 and year 2020) through amendments in such Act. As a result, 51 offences under the Companies Act, 2013 have been decriminalised. Further, vide LLP (Amendment) Act, 2021, 12 offences have been decriminalised. Most of such offences have been converted into civil defaults to be adjudicated by levy of monetary penalties. This has reduced the burden on criminal courts & National Company Law Tribunal.

Due to decriminalization of procedural offences, the number of prosecutions being filed in the special courts have started reducing as a growing number of defaults are being handled through the Adjudication Mechanism.

(c): The Ministry of Corporate Affairs (MCA) has established the Centre for Processing Accelerated Corporate Exit (C-PACE) to facilitate and speed up the voluntary strike-off of companies w.e.f. 01.05.2023. Further, the jurisdiction of C-PACE has been extended to facilitate and speed up the voluntary striking off of LLPs w.e.f. 27.08.2024. The establishment of C-PACE is an important step towards providing 'Ease of Exit' to the corporates. C-PACE is enabling the stakeholders by providing a hassle-free filing, timely and process-bound striking off their companies' and LLPs' names from the Register.

Applications filed for voluntary closure of companies are getting processed by C-PACE within an average time of about 2 months compared to an average time of more than 2 years earlier when the voluntary strike off applications were being processed by various jurisdictional RoCs. Further, as on 30.11.2025, a total of 43,346 companies and 9,747 LLPs have been struck-off through C-PACE.

(d): MCA has adopted a regulatory approach that encourages voluntary compliance, meaning companies are expected to fulfil their statutory obligations on their own. Minor and procedural lapses have been moved to an In-House Adjudication Mechanism, where transparent and proportionate civil penalties are imposed instead of criminal prosecution. This ensures that procedural/technical mistakes will not attract harsh consequences, thereby encouraging corporates to self-disclose errors, correct non-compliances, and maintain accurate filings. In addition, many filings made by companies and LLPs are accepted in the registry on a straight-through process basis, without any human intervention. This also encourages corporates to complete their filings without any hassle.
