

**GOVERNMENT OF INDIA  
MINISTRY OF CORPORATE AFFAIRS**

**RAJYA SABHA  
UNSTARRED QUESTION NO. 1968  
ANSWERED ON TUESDAY, MARCH 10, 2026  
DE-REGULATION AND EASE OF COMPLIANCE REFORMS**

**QUESTION**

1968. Dr. Parmar Jashvantsinh Salamsinh:

Will the Minister of CORPORATE AFFAIRS  
be pleased to state:

- (a) the status of decriminalisation under Companies Act;
- (b) the offences shifted to civil penalties/internal adjudication;
- (c) the impact on litigation burden and compliance cost; and
- (d) the assessment regarding Ease of Doing Business?

**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) to (c): In keeping with the Government's objective of providing greater ease of doing business to law abiding corporates, process of de-criminalization of technical & procedural violations under Companies Act, 2013 (CA13) was carried out in phased manner. In the first phase, through the Companies (Amendment) Act, 2019, 16 compoundable offences under the CA13 were shifted to an In-house Adjudication Mechanism.

In the second phase, through the Companies (Amendment) Act, 2020, 35 more compoundable offences under the CA13 were de-criminalized. In addition, through this amendment, in case of 11 compoundable offences, provisions for imprisonment were removed and only fines were retained.

This initiative has reduced litigation burden and compliance costs and has strengthened the enforcement efficiency.

(d): No such specific assessment has been carried out by the Ministry. However, the de-criminalization of offences has led to an improvement in the business sentiment and ease of doing business, which is also reflected in the increasing number of incorporation of companies and LLPs.

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