

**GOVERNMENT OF INDIA
MINISTRY OF CORPORATE AFFAIRS**

**RAJYA SABHA
UNSTARRED QUESTION NO. 1969
ANSWERED ON TUESDAY, 10TH MARCH, 2026**

Issues in company registration and regulatory oversight

1969 Shri I.S. Inbadurai:

Will the Minister of *Corporate Affairs* be pleased to state:

- (a) whether Government has reviewed complaints relating to delays, irregularities and procedural difficulties in company registration under the MCA portal, if so, the findings thereof;
- (b) whether instances of shell or inactive companies registered through misuse of simplified procedures detected, if so, the number identified and action taken thereon;
- (c) whether verification mechanisms for promoters, directors and registered office addresses have been strengthened to prevent fraudulent registrations, if so, the details thereof; and
- (d) whether technical glitches and system failures in the MCA21 portal have affected timely incorporation of companies, if so, the corrective measures adopted?

ANSWER

Minister of State in the Ministry of Corporate Affairs; Minister of State in the Ministry of Road Transport and Highways

(Shri Harsh Malhotra)

(a): Yes, Sir. There is a system for raising grievances on the MCA21 portal which is reviewed regularly. The grievances/complaints raised on this portal regarding registration of companies include technical issues, delays, procedural matters etc. A Grievance Redressal Committee has been constituted to examine and resolve the grievances/complaints, provide guidance to stakeholders and hold review meetings regularly for resolution of grievances.

(b) &(c): The term 'shell company' and 'Inactive Company' has not been defined in the Companies Act, 2013. After Incorporation, a company is stated to be Active if annual compliance is complete, and a company may apply for dormant status as per Section 455 of Companies Act, 2013. Verification mechanism for promoters, directors, and registered office addresses have been strengthened within the MCA21 portal (Version 3) to prevent fraudulent registrations. These measures include the following:-

(i) Directors are required to provide verified personal mobile numbers and email addresses.

(ii) The Form requires validation of address proof (not older than two months) and certification by practicing professionals.

(iii) Multi-factor authentication has been implemented to verify the identity of users accessing the system.

(iv) Verification of PAN is done for subscribers, subscribers cum directors and directors who do not have Director Identification Number (DIN) at the time of incorporation.

(d): No, Sir. The action taken to resolve grievances relating to incorporation of companies is described in reply to part (a) above. The average time taken for incorporation of a company is between 1-2 days presently.
