

**GOVERNMENT OF INDIA
MINISTRY OF CORPORATE AFFAIRS**

**RAJYA SABHA
UNSTARRED QUESTION NO. 2763
ANSWERED ON TUESDAY, MARCH 17, 2026
COMPLIANCE BURDEN AND AWARENESS GAPS
QUESTION**

2763. Shri Anthiyur P. Selvarasu:

Will the Minister of CORPORATE AFFAIRS
be pleased to state:

- (a) whether Government has assessed compliance burden and awareness gaps among MSME-linked companies in Erode district, Tamil Nadu, including Erode city and Chennimalai;
- (b) if so, the details of Government helpdesks, facilitation camps, guidance provided and grievance support arrangements in Erode district; and
- (c) the steps proposed to be taken by Government to strengthen handholding, simplify compliance guidance and improve dispute resolution support in the said district?

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): No such specific assessment has been done. However, the Ministry of Corporate Affairs (MCA) has been taking several measures for ease of doing business and to ease compliance burden for small companies in the entire country which is also applicable to Erode district, Tamil Nadu. Some of the important measures taken by MCA are at Annexure-I.

Further, to reduce the compliance burden and the awareness gaps among MSMEs including companies, the Ministry of Micro, Small & Medium Enterprises has taken a number of steps including extensive stakeholder's consultations with MSMEs, State Government, Industry Associations, Banks, Public Sector Undertakings and other relevant organizations across the country, including the Erode District, Tamil Nadu. Some of the important steps taken to streamline and simplify the compliance requirement for MSMEs in the country by Ministry of MSME are at Annexure-II.

Annexure-I

Annexure-I to the Rajya Sabha Unstarred Q. No. 2763 part (a) to (c) to be answered on 17th March, 2026

Some of the important steps taken by MCA for ease of doing business and to ease compliance burden for 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 is 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.

Sr. No.	Section	Subject	Provisions in the Company Act, 2013 to support 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 and 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

Sr. No.	Section	Subject	Provisions in the Company Act, 2013 to support 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.
15.	Specified Companies (Furnishing of information about payment to Micro and Small Enterprise Suppliers) Amendment Order, 2024	MSME Form-1 vide Notification S.O. 2751(E) dated 15.07.2024	MCA has notified revised MSME Form-1. Companies having outstanding payments to Micro or Small Enterprise suppliers for more than 45 days from the date of acceptance or deemed acceptance of goods or services, as per section 9 of the MSMED Act, 2006, are required to furnish such details in MSME Form-1.
16.	Section 2(85) read with The Companies (Specification of Definitions Details) Rules, 2014	Definition of Small Company (Amendment)	With effect from 1st December 2025, the thresholds for classification of small companies have been enhanced. The paid-up capital limit has been increased from up to ₹4 crore to up to ₹10 crore and the turnover limit from up to ₹40 crore to up to ₹100 crore, thereby bringing more companies under the definition of small company and reducing their compliance burden.
17.	NA	Helpdesk mechanism.	A helpdesk mechanism has been established to address grievances of companies related to the MCA21 portal. Grievances, covering technical issues, processing-related requests and stakeholder suggestions or feedback can be raised through the MCA website as well as through a toll-free number, ensuring access for stakeholders across various locations, including Erode district. The helpdesk system also incorporates a user feedback mechanism to assess the quality of resolutions.

Annexure-II to the Rajya Sabha Unstarred Q. No. 2763 part (a) to (c) to be answered on 17th March, 2026

Some of the important steps taken to streamline and simplify the compliance requirement for MSMEs

- i. New revised criteria for classification of MSMEs.
- ii. Registration of MSMEs through "Udyam Registration Portal". Udyam Registration is a simple, online registration of an enterprise, based on self-declaration and has provided Ease of Doing Business to the MSME sector.
- iii. Launch of Udyam Assist Platform, on 11.01.2023, for bringing Informal Micro Enterprises (IMEs) in the formal ambit.
- iv. Non-tax benefits extended for 3 years in case of an upward change in status of MSMEs.
- v. Launch of an online Portal "Champions" to cover many aspects of e-governance including redressing grievances and handholding of MSMEs.
- vi. The Ministry of MSME has also pioneered the development of the first-of-its-kind Online Dispute Resolution (ODR) portal to facilitate the speedy and efficacious resolution of delayed payment disputes through the comfort of the home or office of micro or small enterprises. (<https://odr.msme.gov.in>)