

**GOVERNMENT OF INDIA
MINISTRY OF CORPORATE AFFAIRS**

RAJYA SABHA
UNSTARRED QUESTION NO. 381
ANSWERED ON TUESDAY, FEBURARY 03, 2026

EASE OF DOING BUSINESS IN THE COUNTRY

QUESTION

381. SHRI SATNAM SINGH SANDHU:

Will the Minister of CORPORATE AFFAIRS
be pleased to state:

- (a) the steps taken by Government to improve the Ease of Doing Business in India, particularly for startups and small businesses;
- (b) the status of implementation of decriminalization of minor corporate offenses under the Companies Act, 2013 and its impact on business compliance;
- (c) the number of companies registered in India in the last five years, the details thereof, year-wise and sector-wise;
- (d) the measures taken to strengthen corporate governance and transparency, including actions against companies involved in financial fraud or non-compliance; and
- (e) whether Government has plans to further simplify regulatory compliance for businesses and enhance digital platforms for corporate filings and if so, the details thereof?

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 Ministry of Corporate Affairs has been taking steps to improve Ease of Doing Business for companies and LLPs including startups and small businesses. The important steps taken in this regard are at Annexure-1.

(b): Amendments were made in CA-13 in 2019 and 2020 and in the LLP Act, 2008 in 2021 to decriminalize 63 offences. While providing relief to corporates, one of the objectives of

decriminalization has also been reduction of litigation burden in judicial courts and shifting the prosecution cases towards adjudication.

(c): The details are at Annexure-2.

(d): The provisions of the Companies Act, 2013 and the rules made thereunder contain adequate provisions to ensure financial accountability and transparency in the management of companies. These provisions inter alia require maintenance of books of accounts and statutory registers at the registered offices, preparation of financial statements in accordance with applicable financial reporting/accounting standards and filing them with the Registrar after due approvals. Non-compliance of relevant provisions attracts penal action. Further, whenever any complaints relating to financial fraud or non-compliance are received, inquiry, inspection, or investigation is ordered under sections 206(4), 206(5), and 210 of the Companies Act, 2013. Moreover, under Section 212 of the Companies Act, 2013, when the Central Government is of the opinion that it is necessary to investigate into the affairs of the company by Serious Fraud Investigation Office (SFIO), then investigation is assigned to SFIO.

(e): Version-3 of MCA21 (MCA21 V3) has been launched to promote Ease of Doing Business, strengthen compliance and enhance transparency. Through MCA21 V3, functionalities like Web filings, LLP Module, Company module, have already been implemented. All filings are now being made through V3 portal, which provides for real time validation with pre-filled master data reducing manual errors, re-submissions and compliance timelines.

Annexure-1 to the Rajya Sabha Unstarred Q. No. 381 part (a) to be answered on 3rd February, 2026

Important steps taken to improve Ease of Doing Business for companies and LLPs, including startups and small businesses

I. Amendments have been made in the Companies Act, 2013 (CA-13) in 2015 & 2017 to facilitate ease of doing business and address concerns expressed by industry chambers & other stakeholders.

II. Amendments have been made in CA-13 in 2019 and 2020 to de-criminalize technical & procedural violations and thus reduce the burden on criminal courts & National Company Law Tribunal (NCLT). They were also aimed at streamlining compliance requirements for Small Companies, One Person Companies, Start-ups and Producer companies.

III. Amendments have been made in the Limited Liability Partnership (Amendment) Act, 2021 to decriminalise technical & procedural violations. A new category of "Small LLP" was introduced for providing reduced compliance burden and lower fees to encourage formalization of small businesses.

IV. Exemptions from various provisions of Companies Act to Private companies, Government Companies, Charitable companies, Nidhis and IFSC (GIFT city) companies have been provided through issuance of notifications under section 462 of the CA-13 during 2015, 2017 and 2020.

V. There is no fee for incorporation of company with authorized capital up to Rs.15.00 Lakh.

VI. Direct listing of securities by Indian public companies in permissible foreign jurisdictions has been allowed. This is a boost for "Brand India" and increases attractiveness to growing technology sector, stimulates efficiency & growth, provides alternative source of capital and broadens investor base.

VII. The scope of fast-track merger was expanded in February 2021 to allow mergers of Start-ups with other Start-ups and with Small companies. The ambit has been further broadened in September 2025 to allow more classes of companies to choose this route. The rules have also been amended so that the "deemed approval" requirement is implemented more effectively for fast-track mergers.

VIII. The Central Registration Centre (CRC) was operationalized in 2016 to provide speedy incorporation related services. An e-Form SPICe+ along with a linked form called AGILE PRO-S was introduced 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 to start the business immediately. Similarly, new e-Form FiLLiP (Form for incorporation of Limited Liability Partnership) was introduced for LLPs.

IX. The Centre for Processing Accelerated Corporate Exit (C-PACE) was established in May 2023 enabling the stakeholders by providing a hassle-free filing, timely and process-bound striking off their companies' and LLPs' names from the Register.

X. The Central Processing Centre (CPC) was established in February 2024 for centralized processing of 12 non-STP forms.

XI. 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 shall take place in electronic mode only through the e-adjudication platform developed by the Ministry for this purpose. The platform provides for end-to-end digital process including online generation of notices, hearings, generation of adjudication orders and payments. This enhances transparency and enables speedier adjudication.

XII. With effect from 1st December 2025, the thresholds for small company have been enhanced. The paid-capital criteria has been increased from upto Rs. 4 crores to upto Rs. 10 crore and turnover criteria has been increased from up to Rs. 40 crores to upto Rs. 100 crores. This brings more number of companies under the definition of small company, which are subject to lesser compliance requirements in comparison to larger companies.

XIII. Pursuant to the amendment in the Rules notified on 31st December, 2025 (to be effective from 31st March, 2026), annual KYC filing requirement has been replaced with a simpler KYC intimation once in every three years.

XIV. Further, small companies and start-ups are provided with certain common compliance relaxations under the Companies Act, 2013 with the objective of reducing regulatory burden and facilitating ease of doing business. For both categories, the requirement of including a cash flow statement as part of the financial statements has been made optional. Further, in cases where a company does not have a company secretary, the annual return may be signed by a director of the company. In addition, flexibility has been granted with respect to meetings of the Board of Directors, whereby both small companies and start-ups are permitted to hold two board meetings in a calendar year, i.e., one meeting in each half of the year, instead of the general requirement of holding four board meetings annually, subject to the prescribed minimum gap between such meetings.

Annexure-2**Annexure-2 to the Rajya Sabha Unstarred Q. No. 381 part (c) to be answered on 3rd February, 2026****The number of companies registered in India in the last five years**

2020-2021	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026*	Grand Total
155379	167087	159307	185320	181138	198249	1046480

* Data as on date

Sector-wise distribution of companies

Sector-wise Activities Registered Companies	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026*	Grand Total
Agriculture and Allied Activities	11062	13340	11400	10745	6092	5328	57967
Business Services	44150	43828	39302	27874	27643	30718	213515
Community, personal & Social Services	19533	23667	23807	49162	48325	52232	216726
Construction	9609	10548	10386	11583	12242	13470	67838
Electricity, Gas & Water companies	1649	1756	1911	3277	5574	7539	21706
Finance	5104	6287	6026	6392	5103	5173	34085
Insurance	167	191	82	39	50	45	574
Manufacturing (Food stuffs)	8368	6899	5864	4519	4488	5763	35901
Manufacturing (Leather & products thereof)	290	293	323	348	249	322	1825
Manufacturing (Machinery & Equipments)	6869	7670	7325	7079	6897	7825	43665
Manufacturing (Metals & Chemicals, and products thereof)	10322	11600	10285	8700	8226	8826	57959
Manufacturing (Others)	2202	2596	2667	2848	2768	3015	16096
Manufacturing (Paper & Paper products, Publishing, printing and reproduction of recorded media)	1916	1818	1579	884	790	839	7826
Manufacturing (Textiles)	3121	3274	3178	2542	2148	2454	16717
Manufacturing (Wood Products)	261	248	274	313	320	373	1789
Mining & Quarrying	1134	998	964	834	921	896	5747
Others	21	35	24	7		1	88
Real Estate and Renting	4727	6025	6270	8349	8394	8701	42466
Trading	19864	20153	20820	29010	29908	33413	153168
Transport, storage and Communications	5010	5861	6820	10815	11000	11316	50822
Grand Total	155379	167087	159307	185320	181138	198249	1046480

* Data as on date