

**GOVERNMENT OF INDIA
MINISTRY OF CORPORATE AFFAIRS**

**LOK SABHA
UN-STARRED QUESTION NO. 5230
ANSWERED ON MONDAY, 03rd APRIL, 2023 / CHAITRA 13, 1945 (SAKA)**

DEREGISTRATION OF COMPANIES

QUESTION

5230. SHRI KALYAN BANERJEE:

Will the Minister of CORPORATE AFFAIRS be pleased to state:

- (a) whether it is a fact that nearly 25-30 per cent Indian companies have lost their registration due to zero turnover during the last two years among the 14,51,501 registered companies;**
- (b) if so, whether it is a fact that as high as four lakh of registered companies have not undertaken any business during the last two years during COVID-19 pandemic; and**
- (c) if so, the details thereof along with the steps taken by the Government to support these companies to revive their business?**

ANSWER

The Minister of State (Independent Charge) of the Ministry of Statistics and Programme Implementation; Minister of State (Independent Charge) of the Ministry of Planning and Minister of State in the Ministry of Corporate Affairs.

(Rao Inderjit Singh)

(a) and (b): In terms of Section 248(1) of the Companies Act, 2013 (the Act) read with the Companies (Removal of Names of Companies from the Register of Companies) Rules, 2016 (amended in 2019), names of certain companies have been struck off for certain non compliances such as failing to commence business within one year of incorporation, not carrying on any business or operation for a period of two

immediately preceding financial years and not making any application within such period for obtaining the status of a dormant company, not carrying on any business or operations, as revealed after the physical verification etc. In the light of above said provisions of the Act, action for striking off names of companies is taken by Registrars of Companies (ROCs) for the companies which have failed to file the statutory returns for a period of two immediately preceding financial years as it is presumed that the company is not carrying on business activity.

From time to time, Ministry has undertaken drives for striking off non-compliant Companies under Section 248 of the Act. During the last two years i.e. 2020-21 and 2021-22, 29059 Companies have been struck off under Section 248 (1) of the Act. However, as against this 3,21,325 new companies were incorporated during 2020-21 and 2021-22. The total number of registered companies as on 31.03.2022 are 23,26,640 and active companies are 14,37,045 thus approximately 1.2 percent of the total registered companies have been struck off under section 248 (1) of the Companies Act. Further, as per MCA record it is observed that 97,023 companies had zero turnover during 2020-21 and 2021-22.

(c): The Government has under taken a number of steps to provide Ease of Doing Business which are as under:-

- 1. Decriminalization of sections under Companies Act:- Decriminalization of 46 more Penal provisions under the Act was carried out through the Companies (Amendment) Act, 2020 which was notified in 28.09.2020.**
- 2. Section 446 B of the Act: - Lesser Penalties for Small Companies, OPC, Start-ups, Producer Companies etc.:- Through Companies (Amendment) Act, 2020, lesser penalties for Small Companies/ One Person Companies / Start- ups/ Producer Companies or by any of its officer in default, or any other person in respect of such company has been provided for the non-compliance of any of the provisions of the Act which are to be dealt with under In-house Adjudication Mechanism (IAM). It shall lessen the cost of running businesses.**
- 3. Revision of definition of listed companies:- Certain class of companies have been excluded from the definition of listed company under the Companies Act, 2013 vide notification no. GSR**

(E) 123 dated 19.02.2021. Henceforth, Private Companies which opt to list debt securities on stock exchanges are not required to fulfil compliances as required from listed Companies and accordingly compliance burden has been reduced for such companies.

- 4. Revision of definition of SMCs under the Companies (Accounting Standards) Rules, 2021:-The Companies (Accounting Standards) Rules, 2021 has been notified on 23.06.2021 to mirror the Companies (Accounting Standards) Rules, 2006 (notified under the Companies Act, 1956) to bring the same under the Companies Act, 2013. The said rule also amended the definition of Small and Medium Size companies for applicability of Accounting Standards under which the turnover limit has been increased from rupees fifty crores to not exceeding rupees two hundred and fifty crores and borrowings limit enhanced from rupees ten crores to rupees fifty crores.**
- 5. Companies have been allowed to conduct Board Meeting through Video Conference (VC) or other audio-visual means by amending the Companies (Meeting of Board and its Powers) Rules 2014.**
- 6. The companies whose Annual General Meetings (AGMs) were due to be held in the year 2020 or become due in the year 2021 or 2022 have been allowed to conduct their AGMs through Video Conferencing (VC) or Other Audio-Visual Means (OAVM) on or before 30.06.2022. Owing to the difficulties in sending physical copies of the financial statements, the companies were also allowed to send the financial statements, along with Board's reports, Auditor's reports and other documents required to be attached therewith, only through email.**
- 7. Requirement for investing 15% of amount of debentures maturing in a particular year in specified instruments has been done away with for Listed companies & NBFCs when such debentures are issued on a private placement basis.**
- 8. IBC Amendment Act 2021 provided for Pre Package Insolvency Resolution Process. Also the minimum amount of default under**

section 4 of IBC was raised from one lakh to one crore vide notification dated 24.03.2020.

- 9. The Ministry had also taken various other measures during the COVID-19 pandemic. These included (i) The Companies Fresh Start Scheme, 2020 (ii) LLP Settlement Scheme, 2020 and (iii) Condonation of delay scheme to file belated documents in MCA 21 registry. Also the Ministry had come out with a number of relaxations/extensions to reduce the compliances to be made by the company during the COVID 19 pandemic.**
