

**GOVERNMENT OF INDIA
MINISTRY OF CORPORATE AFFAIRS**

**LOK SABHA
STARRED QUESTION NO. *32
ANSWERED ON MONDAY, 5TH FEBRUARY 2024
MAGHA 16, 1945 (SAKA)**

PENDING LITIGATION UNDER COMPANIES LAW

***32 Shri Tapir Gao :
Shri Dinesh Lal Yadav "Nirahua" :**

**Will the Minister of CORPORATE AFFAIRS
be pleased to state:**

कारपोरेट कार्य मंत्री

- (a) the steps taken or being taken by the Government to reduce the number of pending litigation under the Companies Law;**
(b) the data regarding the number of cases withdrawn or reduced as part of these efforts to reduce the litigation burden; and
(c) whether the Government is taking any other steps to improve the ease of doing business and boost the corporate governance framework in the country and if so, the details thereof?

ANSWER

**Minister of Finance & Corporate Affairs
(वित्त और कारपोरेट कार्य मंत्री)**

**(Smt. Nirmala Sitharaman)
(श्रीमती निर्मला सीतारामन)**

(a) to (c): A statement is laid on the Table of the House.

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STATEMENT REFERRED TO IN REPLY TO LOK SABHA STARRED QUESTION NO. *32 FOR ANSWER ON 05.02.2024.

(a) & (b) : The Ministry of Corporate Affairs (MCA) has taken several steps to review pending prosecutions in various courts. In 2017 and later in 2022, a committee of senior officers of MCA was set up to give recommendations regarding withdrawal of prosecutions. The objective was to free Judicial Courts from dealing with offences that are procedural and technical in nature to ensure that courts are able to focus on serious offences. It was envisaged that cases of procedural and technical nature may be handled through an adjudication process.

Accordingly, 14,247 prosecutions were withdrawn in Special Drive-I conducted in 2017. Further, a decision has been taken for withdrawal of 7338 compoundable cases identified in Special Drive-II in 2023. Till 31.12.2023, 6288 applications for withdrawal have been filed before various courts. However, serious/non-compoundable offences will continue to be prosecuted.

(c) : To improve ease of doing business and enhance corporate governance, the Ministry of Corporate Affairs has taken several steps in the recent past, including some major steps are as under :-

- (i) Decriminalization of 63 offences under the Companies and LLP Acts,**
- (ii) Setting up of a Centralized Registrar of Companies (CRC) for incorporation,**
- (iii) Setting up of a Centre for Processing Accelerated Corporate Exit (C-PACE) for voluntary exit of companies,**
- (iv) Setting up of a Central Scrutiny Centre (CSC) for centralised scrutiny of e-Forms filed under Straight Through Process (STP),**
- (iv) Conversion of more than 50 forms to STP which earlier required approval of field offices,**
- (v) Introducing a new e-Form SPICe+ along with a linked form called AGILE PRO-S 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 eForm FiLLiP (Form for incorporation of Limited Liability Partnership) was introduced for providing the same services in a single application.**

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(vi) Definition of small companies has been amended by increasing the threshold limit of a small company, having a paid-up capital not exceeding Rs. 4 Crore and turnover not exceeding Rs 40 Crore. Similarly, concept of small LLP has been introduced which is subject to lesser compliances, lesser fee to reduce the cost of compliances.

(vii) Zero fee for incorporation of company with authorized capital up to Rs.15.00 Lakh.

(viii) Extended fast track process for mergers under the Companies Act, 2013 to include mergers of Startups with other Startups and with small companies, so that the process of mergers & amalgamations is expedited.

(ix) Convening Annual General Meeting (AGM) and Extra-ordinary General meeting (EGM) of a company can be convened through Video Conference (VC).

(x) Zero cost for shifting of the registered office of the company.

(xi) The Ministry has issued Companies (Listing of Equity Shares in Permissible Jurisdictions) Rules, 2024 allowing Indian public companies to list their equity shares on international Stock Exchange(s) at GIFT IFSC.

In addition to the above, as intimated by Securities & Exchange Board of India (SEBI), for ease of doing business and enhance corporate governance various steps have been initiated such as :-

(i) Introduced Corporate Governance requirements for listed entities to improve transparency in their functioning and ensure enhanced disclosures to investors. Regulations 15 to 27 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR Regulations) deal with corporate governance requirements for listed entities.

(ii) Introduction of pre-filing of offer documents, simplifying the buyback process and reduction in timelines, rationalizing methods for complying with minimum public shareholding norms, reduction in timeline for listing of shares in public issue from T+6 days to T+3 etc. Constitution of an 'Expert Committee to facilitate ease of doing business and harmonization of the provisions of ICDR and LODR Regulations' ("Expert Committee") with the objective of facilitating ease of doing business and review corporate governance requirements under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR Regulations").

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(iii) Strengthened the corporate governance framework for listed entities in last one year through measures like introduction of BRSR (Business Responsibility and Sustainability Report) Core, rationalizing disclosure of material events or information by listed entities, empowering shareholders at listed entities etc.

(iv) As far as the debt listed entities are concerned, the corporate governance norms are applicable to High Value Debt Listed Entity (HVDLE), i.e., a listed entity which has listed its non-convertible debt securities and has an outstanding value of listed non-convertible debt securities of Rupees Five Hundred Crore and above. Currently the said provisions are applicable on a 'comply or explain' basis until March 31, 2024 and on a mandatory basis thereafter.

(v) Constituted a working group comprising of representatives from the industry to review the applicability of Corporate Governance Norms under LODR Regulations, inter-alia, keeping in mind the ease of doing business and the interest of investors in such HVDLEs. The Working Group has submitted its report on January 19, 2024 providing recommendations for reviewing the applicability of Corporate Governance Norms to HVDLEs. The Working group report is currently under examination with SEBI.
