

**GOVERNMENT OF INDIA
MINISTRY OF CORPORATE AFFAIRS
LOK SABHA
UN-STARRED QUESTION NO. 2242
ANSWERED ON MONDAY, MARCH 8, 2021/ PHALGUNA 17, 1942 (SAKA)
STRESSED COMPANIES
QUESTION**

2242. SHRI BENNY BEHANAN:

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

कॉरपोरेट कार्य मंत्री

- (a) the details of the number of registered companies which have gone out of business during the year 2020-2021, State-wise; and
(b) the measures taken by the Government to encourage new companies in the country?**

ANSWER

**THE MINISTER OF STATE FOR
FINANCE AND CORPORATE AFFAIRS**

(SHRI ANURAG SINGH THAKUR)

वित्त एवं कॉरपोरेट कार्य मंत्रालय में राज्य मंत्री

(श्री अनुराग सिंह ठाकुर)

(a): The Ministry of Corporate Affairs (MCA) administers the Companies Act, 2013 (the Act) and maintains the registry of Companies on the basis of documents and applications filed. The Ministry does not maintain any record of the companies which have gone out of business. A total of 10,113 number of Companies during the year 2020-2021 (from the month of April 2020 to February 2021) have been Struck off under section 248 (2) of the Act. MCA has not run any drive to strike off companies suo moto during 2020-2021. The State-wise details of these Companies are at Annexure-A.

(b): The measures taken by the MCA to encourage new companies in the country are as under:-

1) One Person company:- MCA vide notification no. 91 (E) dated 01.02.2021 through the Companies (Incorporation) Second Amendment Rules, 2021 has incentivized the incorporation of One Person Companies (OPCs) w.e.f. 01.04.2021 as follows-

i. One Person Company may be converted into a Private or Public Company, other than section 8 company, after increasing the minimum number of members and directors to two or seven members and two or three directors.

ii. NRIs were not allowed to incorporate OPCs. Now any natural person, who is an Indian citizen, whether resident in India or otherwise would be allowed to form an OPC.

iii. For being considered as a resident in India, the residency period has been reduced to 120 days from 182 days for NRIs.

iv. Rule relating to voluntary conversion unless OPC has completed two years from the date of incorporated omitted and with effect from 01-04-2021, Conversion of One Person Company into a Public company or a Private company shall be permitted anytime.

v. Similarly the limitation of Paid-up capital and turnover presently applicable for OPCs (paid up share capital of fifty lakhs rupees and average annual turnover during the relevant period of two crore rupees) has been done away with so that there are no restrictions on the growth of OPCs in terms of their paid up capital & turnover.

vi. Rationalization of e-forms applicable for OPCs by omitting e-Form No.INC-5 and modification of e-form INC-6 (application for conversion from OPC to a Private company or a Public company and also Private company to OPC).

2) Small Companies:- MCA vide notification no. 92 (E) dated 01.02.2021 through the Companies (Specification of Definitions Details) Amendment Rules, 2021 has amended the definition of small companies and provides that w.e.f. 01.04.2021 the paid up capital and turnover of the small company shall not exceed rupees two crores and rupees twenty crores respectively, previously the limit was paid up capital of Rs 50 lakh and turnover of Rs 2 crore for the small companies.

i. Simpler process for renewal of reserved names - MCA vide notification no. 795 (E) dated 24.12.2020 through the Companies (Incorporation) Third Amendment Rules, 2020 effective from 26.01.2021 has inserted Rule 9A in respect of extension of reservation of name in certain cases through the web service available at www.mca.gov.in, the Registrar shall extend the period of a name reserved upon payment of specified fees under rule 9 by using web service SPICe+ (Simplified Proforma for

Company Electronically Plus: INC-32).

ii. **‘SPICe + and AGILE – PRO’:-** MCA vide notification no. 128(E) dated 18.02.2020 has notified the Companies (Incorporation) Amendment Rules, 2020 effective from 23.02.2020. The said Rules have introduced new Web Forms christened ‘SPICe + and AGILE – PRO’, which provide ten different services, from Central Ministries, State Government and various Banks. These services are (i) Name reservation, (ii) Incorporation, (iii) PAN, (iv) TAN, (v) DIN, (vi) EPFO, (vii) ESIC, (viii) GST number, (ix) opening of bank account (x) Profession Tax, Maharashtra (at present Karnataka also) at the time of incorporation itself.

iii. **Zero Fee -** MCA vide notification no. 180(E) dated 06.03.2019 effective from 18.03.2019, has amended the Companies (Incorporation) Rules, 2014 whereby zero fee is being charged for incorporation of all companies with authorized capital upto Rs. 15 lakh or upto 20 members where no share capital is applicable.

iv. **Debenture Redemption Reserve -** Ministry has amended the Companies (Share Capital and Debentures) Rules, 2014 through Companies (Share Capital and Debentures) Amendment Rules, 2019 vide notification dated 16.08.2019. Through the amendment, the provisions relating to creation of Debenture Redemption Reserve (DRR) have been revised with the objective of reducing the cost of capital and deepening the bond market through:-

- a) removing the requirement for creation of a DRR of 25% of the value of outstanding debentures in respect of listed companies, NBFCs registered with RBI and for Housing Finance Companies registered with National Housing Bank (NHB) both for public issue as well as private placements;
- b) Reduction in DRR for unlisted companies from the present level of 25% to 10% of the value of outstanding debentures.

v. **Differential Voting Rights (DVRs) -** Ministry has amended the Companies (Share Capital and Debentures) Rules, 2014 through Companies (Share Capital and Debentures) Amendment Rules, 2019 vide notification dated 16.08.2019 relating to issue of shares with Differential Voting Rights (DVRs) provisions under the Companies Act with the objective of enabling promoters of Indian companies to retain control of their companies in their pursuit for growth and creation of long-term value for shareholders, even as they raise equity capital from global investors. The amendments have brought in the following changes:-

- a) enhancement in the previously existing cap of 26% of the total post issue paid up equity share capital to a revised cap of 74% of total voting power in respect of shares with Differential Voting Rights of a company.
- b) removal of the earlier requirement of consistent track record of distributable profits for 3 years for a company to be eligible to issue shares with Differential Voting Rights.

vi. **Decriminalization of the offences under the Companies Act, 2013:-**

a) The Companies Act, 2013 has been amended through Companies (Amendment) Act, 2019 (CAA-2019) after getting the assent of Hon’ble President on 31st July, 2019. The said amendment was effective from 2nd November, 2018 and mainly aimed to decriminalize certain offences under the Act for better compliance purposes and to further liberalize the existing regulatory framework for ease of doing business. The CAA-2019 inter-alia provides for re-categorization of 16 criminal offences into civil wrongs and thereby lapses that were essentially technical or procedural in nature has been shifted to in-house adjudication process under the Act.

b) The Companies Act, 2013 has been further amended through Companies (Amendment) Act, 2020 (CAA-2020) after getting the assent of Hon’ble President on 28th September, 2020. The major thrust of the CAA-2020 is to decriminalize the offences under the Companies Act, 2013 and to facilitate ease of doing business and ease of living. After enactment of the CAA-2020, 44 provisions relating to decriminalization, 12 provisions relating to ease of doing business and 2 provisions relating to producer companies in the CAA-2020 have been commenced on 21st December, 2020, 22nd January, 2021 and 11th February, 2021 respectively. The amendment proposed through the CAA-2020 are expected to significantly enhance the confidence of Indian Corporates on the Government’s resolve to provide greater ease and accord highest respect to honest wealth creators in the country and reduce the burden on the justice system.

Annexure referred to in reply to part (a) of Lok Sabha USQ No. 2242 answered on 08.03.2021:

Details of Companies strike off from the month of April 2020 to February 2021:

S. No.	State/ UT	Struck off Companies
1	Andaman & Nicobar	2
2	Bihar	104
3	Chandigarh	501
4	Chhattisgarh	47
5	Delhi	2394
6	Goa	36
7	Gujarat	17
8	Jharkhand	137
9	Karnataka	836
10	Kerala	307
11	Madhya Pradesh	111
12	Maharashtra	1279
13	Meghalaya	88
14	Orissa	78
15	Pondicherry	31
16	Rajasthan	479
17	Tamil Nadu	1322
18	Telangana	404
19	Uttar Pradesh	1936
20	West Bengal	4
	Total	10113
