

**GOVERNMENT OF INDIA
MINISTRY OF CORPORATE AFFAIRS**

**LOK SABHA
UNSTARRED QUESTION NO. 2488
ANSWERED ON MONDAY THE 1ST AUGUST, 2022
SRAVANA 10, 1944 (SAKA)**

PROMOTION OF EXISTING COMAPNIES

QUESTION

2488. SHRI N.K. PREMACHANDRAN:

Will the Minister of CORPORATE AFFAIRS

be pleased to state:

- (a) whether the Government proposes to promote the existing companies and if so, the details thereof including the number of companies wind up during the last six years;**
- (b) whether the Government taking initiatives to protect the companies working for more than ten years and if so, the details thereof;**
- (c) the State-wise number and the details of companies wind up in manufacturing sector during the last six years;**
- (d) the State-wise number and the details of companies wind up in community, personal and social service sector during the last six years;**
- (e) the State-wise number and the details of companies wind up in agriculture and allied activities during the last six years; and**
- (f) whether the Government proposes to introduce special scheme for revival of companies closed during the Covid-19 and if so, the details thereof along with the initiatives of the Government to protect the companies facing financial crisis?**

ANSWER

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), (b) & (f): The steps taken from time to time to provide ease of doing business, to reduce the compliance burden upon law abiding corporates and simplifying the procedures to start a business in the country is annexed as Annexure-A. Further, in 914 companies, order for winding up has been passed under the Companies Act 1956/2013 and in 1620 companies order for liquidation has been passed under the Insolvency and Bankruptcy Code, 2016 (the Code) in the last six-years.

(c) to (e) : the Official Liquidator-wise and sector-wise number of companies in which winding up order under Companies Act, 1956/2013 has been passed in the last six-years is annexed as Annexure-B. Further, the State-wise and sector-wise number of companies in which liquidation order has been passed under the Code in the last six-years is annexed as Annexure-C.

The Ministry of Corporate Affairs have taken a number of steps to provide Ease of Doing Business, to reduce compliance burden to law abiding corporates and simplified procedure for Starting a Business in the Country which are as under:-

- (a) Decriminalization of sections under Companies Act:- Decriminalization of 46 Penal provisions under Companies Act, 2013 was carried out through the Companies (Amendment) Act, 2020 thereby taking the total number of provisions decriminalized to 62 (including the 16 decriminalized in 2018). Such decriminalization would remove the fear of criminal prosecutions for non-substantive minor and procedural omissions and commissions in the normal course of business and incentivize micro and small, medium business enterprises to convert into body corporates.**
- (b) 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 Companies Act, 2013 which are to be dealt with under In-house Adjudication Mechanism (IAM). It shall lessen the cost of running businesses.**
- (c) Simpler process for Incorporation of new companies:- The Ministry of Corporate Affairs has deployed a new Web Form christened SPICe+ and AGILE PRO-S which provides eleven services by three Central Government Ministries i.e. Ministry of Corporate Affairs, Ministry of Labour and Department of Revenue in the Ministry of Finance) and two State Governments (Maharashtra and Karnataka), and various Banks namely (i) Name Reservation, (ii) Incorporation, (iii) PAN, (iv) TAN, (v) DIN, (vi) EPFO Registration, (vii) ESIC Registration, (viii) GST number, (ix) Bank Account (x) Profession Tax Registration (Mumbai and now Karnataka w.e.f. 08.10.2020 and West Bengal (Kolkata) with effect from 12.03.2021 (xi) Delhi Shops and Establishment Registration from June, 2021 onwards. The new Web Form facilitates on-screen filing and real time data for seamless incorporation of new companies. This has resulted in reduction in the number of processes and time taken for Starting a Business in the country.**
- (d) Simpler process for renewal of reserved names:- This Ministry vide notification no.GSR (E) 795 dated 24.12.2020 through the Companies (Incorporation) Third Amendment Rules, 2020 has provided for extension of reservation of name in certain cases through a simple web service available at www.mca.gov.in. Rules amended to provide a framework for Renewal of Company Names beyond 20 days period.**
- (e) Central Registration Centre (CRC):- Setting up Central Registration Centre (CRC) for name reservation and incorporation of companies & Limited Liability Partnership (LLP) within 1 day as opposed to an average of at least 15-20 days**

earlier.

- (f) Zero fee is for incorporation of all companies with authorized capital upto Rs. 15 lakh or upto 20 members where no share capital is applicable.**
- (g) One Person Companies:- Provisions with regard to incorporation and functioning of one-person companies (OPCs) revised significantly so as to incentivize incorporation of more OPCs. Now NRIs are also allowed to incorporate OPCs. Earlier only Indian resident citizens were permitted. Such companies are now allowed to convert into private or public companies at any point of time. The restrictions with regard to maximum amount of paid-up Capital and turnover for OPCs has also been removed so that there is no undue restriction on the growth of OPCs.**
- (h) Small Companies:- The thresholds in respect of “small companies” have been revised so that at least 2 lakh more companies get classified as “small companies” and take advantage of a lighter compliance framework provided under the Companies Act, 2013 and rules made thereunder. (The limits in respect of paid-up share capital enhanced from Rs. 50 Lakh to Rs. 2 crore and in respect of turnover enhanced from Rs. 2 crore to Rs. 20 crores).**
- (i) Revision of definition of listed companies:- Certain class of companies has 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.**
- (j) Adequate Remuneration for Non-executive Directors of companies with inadequate or no profits:- This Ministry vide Notification no. S.O. 1256 dated 18.03.2021 has amended Schedule V of the Companies Act, 2013 and provided the maximum limit on the yearly remuneration that can be paid to the non-executive directors in case when company is making losses or having inadequate profits.**
- (k) Incentives for Producer Companies:- Section(s) 378A to 378ZU, related to Producer Companies have been inserted in the Companies Act, 2013 and accompanying Rules namely the Producer Companies Rules, 2021 have been notified vide notification no. GSR (E) 112 dated 11.02.2021. This would incentivize incorporation of producer companies and formalization of unorganized primary sector.**
- (l) Extended the fast track process for mergers under the Companies Act, 2013 to also include mergers of Startups with other Startups and with Small companies, so that the process of mergers & amalgamations is completed faster for such companies.**

- (m) Companies allowed to conduct Board Meetings, EGMs and AGMs through Video Conference (VC).**
- (n) Rules amended to ease the compliance burden on Independent Directors.**
- (o) Rules amended to make it sufficient for companies to pass only one previous special resolution in order to make an offer or invitation of any securities to qualified institutional buyers on private placement basis during the year to make it easier for companies to raise capital.**
- (p) Rules amended to enable purchase of minority shareholding held in demat form.**
- (q) Introduction of fast track process for mergers & amalgamations of Start ups with other Startups and Small companies.**
- (r) Reduction of time limit up to which Rights Issues are required to be kept open.**
- (s) New abridged & concise version of Annual Return introduced for Small companies and One person companies (OPCs).**
- (t) Easier Process for conversion of a public company into a private company – Notification Issued on 25 January 2021.**
- (u) Quality of disclosures strengthened through amendments made in the formats of financial statements, Companies (Accounts) Rules, Companies (Audit and Auditor's) Rules and the Companies (Auditor's Report) Order, 2020.**
- (v) Relaxations provided under the Companies Act, 2013 and LLP Act, 2008 in view of Covid related disruption:-**
 - Companies Fresh Start Scheme, 2020 was launched from 01 April 2020 to 31 December 2020 to provide opportunities to Companies to make good any previous filing related defaults, regardless of duration of defaults, and make a fresh start as a fully compliant entity. LLPs Settlement Scheme, 2020 was also modified for granting similar opportunity to LLPs.**
 - Scheme for relaxation of time for filing forms related to creation or modification of charges.**
 - Companies (Auditor's Report) Order, 2020 has been made applicable from the financial year 2021-22 instead of earlier proposed from FY 2019-20.**
 - Companies allowed to conduct Board Meetings through Video Conference (VC) or other audio visual means for passing resolutions in respect of matters which were earlier required to be passed in meetings with physical**

presence of directors.

- **Enhanced period allowed within which existing Independent directors may apply online for inclusion of their names in the databank for Independent Directors.**
- **Relaxations for FY 2019-20 given with regard to holding of at least one meeting by independent Directors without attendance of Non-independent directors and members of management.**
- **Relaxed time lines w.r.t. creation/maintenance of deposit repayment reserve and debenture redemption reserve.**
- **Additional period granted for filing of declaration of commencement of business.**
- **Relaxations for FY 2019-20 and FY 2020-21 with regard to 'resident director'.**
- **Video Conferencing/ Other Audio Visual Means allowed for holding of general meetings/transacting business through postal ballot.**
- **Relaxation from dispatch of notices through post/courier w.r.t. holding of meetings/right offers.**
- **Scheme launched for Condonation of Delay for companies restored on the register of companies during the month of December, 2020 by NCLT under section 252. Such companies were allowed condonation of delay and exemption from payment of additional fees in respect of forms filed during 01/02/2021 - 31/03/2021.**
- **Keeping in view the second Covid wave, additional period upto 31st July, 2021 has been given to companies to file their forms/returns under Companies Act, 2013 as well as LLP Act, 2008 without payment of any additional fees.**

Annexure-B

Official Liquidator (OL) wise and Sector wise number of companies in which winding up order under Companies Act, 1956/2013 has been passed in last six years.				
Sl. No	Name of OL	Manufacturing	Community personal and social service	Agriculture and allied activities
1	Delhi	76	1	10
2	Chandigarh	11	1	0
3	Allahabad	5	6	0
4	Dehradun	0	0	0
5	Jammu	0	0	0
6	Shimla	1	0	0
7	Chennai	50	30	0
8	Kochi	7	0	0
9	Hyderabad	14	0	1
10	Bangalore	16	22	0
11	Mumbai	121	30	0
12	Goa	3	0	0
13	Nagpur	1	1	1
14	Kolkata	33	7	6
15	Cuttack	3	0	0
16	Patna	1	0	0
17	Ranchi	3	0	0
18	Guwahati	1	0	1
19	Indore	12	0	0
20	Jodhpur	3	0	0
21	Jaipur	11	0	0
22	Ahmedabad	19	13	0
23	Bilaspur	1	0	0
	Total	392	111	19

Annexure-C**State-wise and sector-wise number of companies in which liquidation order has been passed under the Insolvency and Bankruptcy Code, 2016 in the last six years**

State	Agriculture, Hunting and Forestry	Manufacturing	Other Community, Social and Personal Service Activities
Andhra Pradesh	0	10	0
Assam	0	0	0
Bihar	0	0	0
Chandigarh	0	3	0
Chhattisgarh	1	5	0
Dadra and Nagar Haveli and Daman and Diu	0	2	0
Delhi	4	95	9
Goa	0	5	0
Gujarat	5	100	2
Haryana	0	12	0
Himachal Pradesh	1	1	0
Jammu and Kashmir	0	0	0
Jharkhand	0	4	0
Karnataka	4	26	1
Kerala	1	5	0
Madhya Pradesh	2	9	0
Maharashtra	5	143	6
Meghalaya	1	0	0
Odisha	0	6	0
Pondicherry	0	1	0
Punjab	1	21	0
Rajasthan	1	10	0
Tamil Nadu	4	107	4
Telangana	2	41	1
Tripura	0	0	0
Uttar Pradesh	2	26	0
Uttarakhand	0	0	0
West Bengal	8	71	0
Total	42	703	23