

**GOVERNMENT OF INDIA
MINISTRY OF CORPORATE AFFAIRS**

**LOK SABHA
UNSTARRED QUESTION NO. 1000
ANSWERED ON MONDAY, FEBRUARY 10, 2025
MAGHA 21, 1946 (SAKA)
COMPLIANCE REGIME FOR PRIVATE LIMITED COMPANIES
QUESTION**

**1000. Shri Vishnu Datt Sharma:
Shri Chavda Vinod Lakhamshi:**

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

- (a) whether it is true that compliance regime for private limited companies in the country under Companies Act, 2013 is still cumbersome and complex in comparison to G7 and other developed countries;**
- (b) if so, whether it is true that private limited companies which have very insignificant business, needs two years of lengthy period of nil business or transactions before their closure;**
- (c) if so, whether the Government is making any efforts to reduce the long waiting time;**
- (d) if so, the details of the measures taken in this regard; and**
- (e) if not, the reasons therefor?**

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) Ease of doing business is an important objective of the compliance requirements provided for private companies under the Companies Act, 2013. The private Limited companies have relaxed compliance norms as

compared to public listed and unlisted companies. Further, various exemptions in the form of exceptions, modifications and adaptations have also been allowed to private companies under section 462 of the Act, including, inter alia, passing of ordinary resolution instead of special resolution for offering shares to employees under a scheme of employees stock option; exemption from section 180 of the Act relating to restrictions on powers of Board to allow operational flexibility to private limited companies etc.

(b) to (e):-

Pursuant to Section 248(2) read with Section 248(1) of the Companies Act, 2013 a company can apply to Registrar for removing its name from the register of companies on any of following grounds viz-

- failure 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 has not made any application within such period for obtaining the status of a dormant company under Section 455,**
- subscribers to the memorandum have not paid the subscription which they had undertaken to pay at the time of incorporation and a declaration to this effect has not been filed within one hundred and eighty days of incorporation,**
- the company is not carrying on any business or operations as revealed after the physical verification carried out under Section 12(9) of the Companies Act, 2013**

The Centre for Processing Accelerated Corporate Exit (C-PACE) has been established to centralise and speed up the process for voluntary removal of name under section 248 (2) of the Companies Act, 2013.
