

**GOVERNMENT OF INDIA  
MINISTRY OF CORPORATE AFFAIRS**

**LOK SABHA  
UNSTARRED QUESTION NO. 3496  
ANSWERED ON MONDAY, AUGUST 11, 2025  
SRAVANA 20, 1947 (SAKA)**

**TRANSPARENCY AND INVESTOR PROTECTION MECHANISM**

**QUESTION**

**3496. Shri Zia Ur Rehman:**

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

- (a) whether the Government is aware of the challenges being faced by the corporate sector, particularly with regard to ease of doing business, regulatory compliance burdens, corporate governance issues, insolvency resolution delays, access to capital for startups and MSMEs and the need to strengthen transparency and investor protection mechanisms;**
- (b) if so, the details thereof and the steps being taken by the Government to promote business-friendly policies; and**
- (c) 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) to (c) : The Government of India has been taking several steps towards ease of doing business, optimising regulatory compliance, addressing of corporate governance issues for overall transparency, ensuring access to capital to start-ups and MSMEs, reducing delays in resolution of insolvency and strengthening transparency and**

**investor protection. Some of the important measures taken in this regard are as under:**

### **CORPORATE GOVERNANCE**

- (i) The provisions of the Companies Act, 2013 [CA-13 or Act] and the rules made thereunder contain adequate provisions to ensure financial accountability and transparency in the management of companies. These provisions *inter alia* require maintenance of books of accounts and statutory registers at the registered offices, preparation of financial statements in accordance with applicable financial reporting/accounting standards and filing them with the Registrar after due approvals. The financial statements are required to be audited by an independent chartered accountant. Crucial parameters such as risk management, state of company's affairs, material changes affecting company's financial position are required to be reported in the Board's Report. The Registrar of Companies take action against the defaulting companies who fail to file their Annual Returns and/or Financial Statements by either filing prosecution under Section 92, 96, 99, 137 of the Act or by striking off the name of the companies under section 248 (1) of the Act read with Companies (Removal of names of companies from the Register of Companies) Rules, 2016.**
- (ii) The Act also requires listed and public companies meeting specified thresholds with respect to paid up capital or turnover or debt to appoint independent Directors and constitute various committees of the Board viz. Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee etc.**

### **EASE OF DOING BUSINESS AND REDUCING COMPLIANCE BURDEN**

- (iii) Amendments made in the Act in 2015 & 2017 were aimed towards facilitating ease of doing business. Key changes included removing the requirement for a minimum paid-up share capital, making the common seal optional, empowering Audit**

**Committee to give omnibus approvals for related party transactions on annual basis and allowed companies to issue shares at a discount to its creditors when its debt is converted into shares in certain cases.**

- (iv) Amendments made in CA-13 in 2019 and 2020 and in the LLP Act, 2008 in 2021 to de-criminalize 63 offences. While providing relief to corporates, one of the objectives of decriminalization has also been reduction of litigation burden in judicial courts and shifting the prosecution cases towards adjudication.**
- (v) Exemptions from various provisions of Companies Act to Private companies, Government Companies, Charitable companies, Nidhis and IFSC (GIFT city) companies have been provided through issue of notifications under section 462 of the CA-13 during 2015, 2017 and 2020.**
- (vi) The requirement of minimum paid up capital, i.e. Rs. 1 lakh for a private company and Rs. 5 lakh for a public company, has been done away with.**
- (vii) Extension of fast track process of mergers under the Companies Act, 2013 to cover mergers of Startups with other Startups and with Small companies, so that the process of mergers & amalgamations is completed faster for such companies. Now this process can also be availed in cases where a holding company incorporated outside India is to be merged with its wholly owned subsidiary incorporated in India.**
- (viii) New section 446B for lesser penalties for One Person Companies, small companies, startups and Producer Companies.**
- (ix) Private companies which list Non-convertible debt instruments on stock exchanges not to be regarded as listed companies so as to ensure development of corporate bonds market.**
- (x) Provisions relating to Producer Companies (Earlier Part IXA of Companies Act, 1956) included in the Companies Act, 2013.**

- (xi)The Central Registration Centre (CRC) is an initiative by the Ministry of Corporate Affairs (MCA) in India to expedite and streamline the process of company and Limited Liability Partnership (LLP) incorporations.**
- (xii)The C-PACE (Centre for Processing Accelerated Corporate Exit) (C-PACE) was made operational w.e.f. 1.05.2023 under Section 242(2) of the Companies Act, 2013 for centralized and transparent processing of the matters related to voluntary closure of the companies. This is an important mechanism which enables entrepreneurs to have ease of exit which is equally important factor in promoting entrepreneurship as much as ease of doing business.**
- (xiii)The Central Processing Centre (CPC) was operationalized w.e.f 16.02.2024 for faster and centralised handling of various electronic e-forms filed earlier with jurisdictional ROCs under Companies Act, 2013.**
- (xiv)Streamlining Annual Compliance: Abridged and concise versions of Annual Returns have been introduced for small companies and One Person Companies (OPCs).**
- (xv)Faceless and Electronic Adjudication Mechanism: Transition to a faceless adjudication mechanism to eliminate physical hearings for corporate default cases has been started. This process has made it easier for Directors and Key Managerial Persons to attend the adjudication proceeding through online VC.**

## **INVESTOR PROTECTION**

- (xvi)Shareholders Associations/ Group of Shareholders empowered to take legal action in case of actions relating to misstatements in prospectus/fraudulently inducing persons to invest money in the company.**
- (xvii) Protection of claim of an investor over unclaimed dividend etc. beyond the existing limit of 7 years. Such amounts can be**

**claimed through Investor Education and Protection Fund (IEPF) even after 7 years.**

**(xviii) IEPF account to be utilised for refund of unclaimed dividend application monies due for refund and promotion of investors education, awareness etc. IEPF accounts also to be utilised for redistribution of disgorged amount to identifiable victims.**

**(xix) The Act provides the members and depositors of a company, the right to initiate a 'class action suit' before the National Company Law Tribunal ("NCLT"). This provision enables them to collectively pursue legal remedies against the company, its directors, auditors, experts, advisors, or consultants for unlawful or fraudulent conduct prejudicial to the interests of the company, its members, or depositors.**

### **EXPEDITIOUS RESOLUTION PROCESS**

**(xx) The Government has undertaken six legislative amendments to the Insolvency and Bankruptcy Code, 2016 (IBC) and introduced over 100 changes to the regulations since its inception, to strengthen the insolvency resolution framework and enhance procedural efficiency. Necessary steps are taken for effective implementation of IBC on an ongoing basis, including filling up of vacancies, implementation of e-court and hybrid court project, regular colloquiums for capacity building of members, provision of infrastructure facilities etc.**

**(xxi) Further, an integrated technology platform has been envisaged to integrate the key institutions forming pillars of the IBC ecosystem viz. the NCLT, NCLAT, IBBI, Information Utility and the MCA which would greatly enhance the ease of doing business.**

### **ACCESS TO CAPITAL FOR STARTUPS AND MSMEs**

**(xxii) Schemes undertaken to support MSMEs include, Prime Minister's Employment Generation Programme, Credit Guarantee Scheme for Micro and Small Enterprises, PM**

**Vishwakarma Scheme, Entrepreneurship & Skill Development Programme Scheme, Micro and Small Enterprises - Cluster Development Programme, Raising and Accelerating MSME Performance, MSME Champions Scheme, Tool Room and Technical Institutions (TR & TI), International Cooperation (IC) Scheme.**

**(xxiii) Under Startup India initiative, the Government provides financial support to startups at various stages of their business cycles under schemes namely, Fund of Funds for Startups (FFS), Startup India Seed Fund Scheme (SISFS) and Credit Guarantee Scheme for Startups (CGSS). FFS has been established to catalyse venture capital investments and is operationalized through Small Industries Development Bank of India (SIDBI), which provides capital to Securities and Exchange Board of India (SEBI) registered Alternative Investment Funds (AIFs) which in turn invest in startups. AIFs supported under FFS are required to invest at least two times of the amount committed under FFS in startups. SISFS provides financial assistance to seed stage startups through incubators. CGSS is implemented for enabling collateral free loans to startups through eligible financial institutions. CGSS is operationalized by the National Credit Guarantee Trustee Company (NCGTC) Limited and has been operationalized from 1st April 2023.**

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