

**GOVERNMENT OF INDIA
MINISTRY OF CORPORATE AFFAIRS**

**RAJYA SABHA
UNSTARRED QUESTION NO. 1777
ANSWERED ON TUESDAY, THE 9TH DECEMBER, 2014**

DECLINE IN REGISTRATION OF COMPANIES

QUESTION

1777. SHRIMATI WANSUK SYIEM:

Will the Minister of CORPORATE AFFAIRS be pleased to state:

- (a) whether registration of companies has halved in the first five months of this financial year due to tedious compliance rules in the new act impacting both large and small businesses;
- (b) whether the Companies Act, 2013 which came into force in last April, replacing a 58-year old, is aimed at facilitating business-friendly corporate regulation, improving corporate governance norms and a host of other objectives including protecting the interests of investors, especially small investors; and
- (c) whether Government is attempting to simplify the registration process by holding consultations with stake holders including industry chambers to review the situation?

ANSWER

THE MINISTER OF CORPORATE AFFAIRS

(SHRI ARUN JAITLEY)

- (a) The number of companies registered during the first five months of this financial year (2014-15) was 21,260, as against 43,601 companies registered during the corresponding period of the previous year. Month-wise registration of companies is indicated in the Table below:

Contd ... P 2/-

:2:

Table

Number of Companies Registered during first five months of 2013-14 and 2014-15, month-wise:

Month	2013-14	2014-15
(1)	(2)	(3)
April	9,026	765
May	10,546	1,789
June	8,064	4,801
July	8,784	7,229
August	7,181	6,676
Total	43,601	21,260

There is no evidence or feedback suggesting that the decline is in any way attributable to “tedious compliance” entailed by the new Act. However, it is a fact that the provisions of Companies Act, 2013 have safeguards against floating “shell companies”. Further, the decline is also attributable to introduction of new e-forms and the time taken by professionals to become familiar with such forms.

(b) About 60% of the provisions of the Companies Act, 2013 entered into force from 01.04.2014. The Companies Act, 2013 and Rules made thereunder contain essential features of good corporate governance which are to be adopted by companies incorporated under the Companies Act, 2013. Almost all policy elements recommended by the Committee on Corporate Governance (Adi Godrej Committee) stands incorporated in the Companies Act, 2013.

(c) An Expert Committee has been constituted by this Ministry recently to (a) review the e-forms notified under the Companies Act, 2013 (b) to suggest changes aimed at simplifications of such forms and (c) removal of difficulties faced by stakeholders.
