

Reforms under Companies Act, 2013 for Ease of Doing Business*

Introduction

The enactment of Companies Act, 2013 allowed India to have a modern legislation for growth and regulation of corporate sector in India. The act was enacted in light of the changing economic and business environment both domestically and globally to facilitate business-friendly corporate regulations, improve corporate governance norms, enhances accountability on the part of corporates and auditors, raise levels of transparency and protect interests of investors, particularly small investors.

The objective of the Companies Act, 2013 is to provide business friendly corporate regulation/ pro-business initiatives; e-Governance Initiatives; good corporate governance and CSR; enhanced disclosure norms; enhanced accountability of management; stricter enforcement of laws; audit accountability; Protection for minority shareholders; Investor protection and Shareholder activism; Robust framework for insolvency regulation; and Institutional structure.

Initially, it seems that changes in the Companies Act, 2013 will brought out the significant changes in the manner of doing business in India. It becomes true, when the initial unrest of business community was taken to the Government and to address the practical difficulties faced by the business community upon notification of the various provisions of the Act and Rules made thereunder and the term “Ease of Doing Business” was popularised in India.

However, Ease of doing business is an index published by the World Bank. It is an aggregate figure that includes different parameters which define the ease of doing business in a country. Some of the parameters included under Ease of Doing Business are Starting a business, Getting electricity, Dealing with construction permits, Registering , Getting credit, Protecting minority investors, Employing workers, Enforcing contracts, Resolving insolvency, Paying taxes, Trading across borders, Contracting with the government, etc.

On Ease of Doing Business front, the Government of India has enacted the series of amendments, relaxation, exemptions and simplification in the various Acts, Rules, Regulations etc. covering various business related issues and processes and also extends support to facilitate ease of doing business. In the series the Companies Act, 2013 has also been amended to extend relief to the business entities governed under the Companies Act, 2013. The object and rationale for such amendments are discussed below:

1. Companies (Amendment) Act, 2015

The Companies (Amendment) Act, 2015 addressed the initial practical difficulties experienced from implementation of the provisions of the Act and difficulties faced by the companies / stakeholders / Professionals in complying with some of the provisions of the Companies Act, 2013.

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To provide immediate relief and to ensure ease of doing business, amendments in relation to related party transactions, fraud reporting by auditors, making common seal optional, and jurisdiction of special courts to try certain offences etc. was brought out in the Companies (Amendment) Act, 2015.

The Companies (Amendment) Bill 2014 was introduced in the Lok Sabha on December 12, 2014. It was passed in Lok Sabha on December 17, 2014 and passed in Rajya Sabha in May 13, 2015. The Companies (Amendment) Act, 2015 has been published in the gazette on 26th May, 2015.

The key amendments made in the Companies Act, 2013 for ease of doing business through Companies (Amendment) Act, 2015 are as under:

- a. Omitted the requirement for minimum paid up share capital, and consequential changes.
- b. Making common seal optional in the whole Companies Act, 2013 and consequential changes for authorization for execution of documents.
- c. Prohibiting public inspection of Board resolutions filed in the Registrar of Companies.
- d. Empowering Audit Committee to give omnibus approvals for related party transactions on annual basis
- e. Exemption for Loans to Directors provided for loans to wholly owned subsidiaries and guarantees/ securities on loans taken from banks by subsidiaries.
- f. Replacing 'special resolution' with 'resolution' for approval of related party transactions by non-related shareholders.
- g. Related party transactions between holding companies and wholly owned subsidiaries exempted from the requirement of approval of non-related shareholders.
- h. Bail restrictions to apply only for offences relating to fraud under section 447.

2. Exemption Notifications to Government Company, Private Company, Section 8 Company and Nidhis – 05th June, 2015

To further remove the practical difficulties in applicability of the provisions of the Companies Act, 2013 to various types of Companies, the Ministry of Corporate Affairs issued notifications on 05.06.2015 under Section 462 of the Companies Act, 2013 (Act), which provide exemptions under various provisions of the Act to (i) Government Companies; (ii) Private Companies; (iii) Section 8 Companies and (iv) Nidhis. Highlights of these exemptions were as under:

(i) Exemptions for Government Companies

With this exemption notification the Government Companies have been exempted from the limits pertaining to managerial remuneration; restriction on maximum number of directorships and disqualification of directors in certain cases.

The provisions in respect of Nomination and Remuneration Committee have also been relaxed in respect of their applicability to directors/ managerial persons. The provisions relating to loans to directors; loans and investments by companies and related party transactions has been modified to provide flexibility to the Government companies in complying with such provisions.

Amendment in the provisions relating to place of holding general meetings has also been made. Further, the wholly owned Government Company is exempted from the provisions relating to rotation of Directors and rights of persons to stand for Directorship.

The provisions in respect of forming opinion about integrity, expertise/experience of independent directors have been modified to provide flexibility to the concerned Ministry/Department.

(ii) Exemptions for Private Companies

The relaxations to private company is an initiative to bring further ease in administrative and management of the company and to do away with the hardship faced by private companies and reduce cost of compliance.

For Private Companies, the exemptions notification relaxed the provisions for entering into related party transactions; provide a shorter period for offering securities to members through right offers; provide for approving issue of employee stock option plans through a simple majority and allow an easier procedure and flexibility in holding general meetings. Private companies have also been allowed to accept deposits from members without the requirement of offer circular, creation of deposit repayment reserve etc. Flexibility has also been given in the types of share capital that can be issued by private companies. Exemption has been given from filing of board resolutions with the registry and giving of notice for standing for directorships. Requirement of mandatory consent of shareholders with regard to certain transactions relating to sale of undertaking, investments, borrowings etc. has been omitted. Further, OPCs, dormant companies, small companies and private companies having paid up share capital less than Rs. 100 crore have been excluded for calculating the limit of 20 companies for audit by an auditor.

Private companies not having any investment by any body corporate have been allowed to extend loans to directors, subject to certain conditions relating to bank borrowings and default thereof. After the notification, an interested director of a private company can participate in the Board meeting after declaring his interest.

(iii) Simplification of Rules for Charitable Companies

In the Exemption notification for Charitable Companies the provisions in respect of notice for general meeting have been modified to enable such companies to save time and resources in sending notices. The notice for general meeting and financial statements may be circulated at notice of 14 days instead of 21 days. The provisions in respect of appointment of Independent Directors (IDs) and Nomination and Remuneration Committee were not applicable to charitable companies. The audit committees of such companies need not have Independent Directors. The restrictions on number of directorships have also been removed. The companies are allowed to hold board meetings once in six months instead of four meetings in a year, as prescribed for other companies. These companies have been exempted from provisions requiring notice to be given for standing for directorship if their articles provide for election of directors by ballot. Flexibility from the provisions on passing of board resolutions in a board meeting only and on disclosure and participation in board meetings by an interested director has also been provided.

(iv) Simplification of Rules for Nidhi Companies

For Nidhis, in exemption notification the provisions relating to serving of documents to members and payment of dividend have been modified to provide more flexibility to such companies. Provisions relating to private placement have been partially relaxed for such companies. These companies have also been exempted from the requirements of section 62 which relates to further issue of share capital. The notice amount of Rs. 1 lakh provided under section 160 has been reduced to Rs. 10,000 for these companies. Provisions of section 185 (of which Act, please mention) in respect of loans to directors have been relaxed for these companies with the condition that loan is given to a director or his relative in his capacity as member and the disclosure is made in the accounts.

3. Company Law Committee and Companies (Amendment) Act, 2017

(i) Company Law Committee

During the consideration of the Companies (Amendment) Act, 2015 in the Rajya Sabha, views were expressed that more amendments would be required; accordingly, the Government has constituted a Companies Law Committee on 4th June, 2015. The terms of references of the Committee are:

- (i) to make recommendations to the Government on issues arising from the implementation of the Companies Act, 2013 and
- (ii) to examine the recommendations received from the Bankruptcy Law Reforms Committee, the High Level Committee on CSR, the Law Commission and other agencies, while undertaking (i) above.

The report of the CLC was submitted to the Government on the 1st February, 2016 and the Companies (Amendment) Bill, 2016 introduced in Lok Sabha on 16 March, 2016 is based on the recommendations of the Companies Law Committee after taking into account the comments received on the report. The amendments proposed, inter alia, include changes in definitions to remove ambiguities; allowing greater flexibility in incorporating and running a company by simplifying Memorandum of Association and doing away with Central Government approvals, etc.; easing raising of capital, procedures; rationalizing penal provisions related to auditors, reconciling the competing objectives of improving corporate governance, incentivising individuals to take up positions of responsibility in boards and reducing compliance cost. The report have also recommended some changes to remove ambiguities in the CSR provisions based on the recommendations of the High Level Committee on CSR.

(ii) Standing Committee on Finance

The Companies (Amendment) Bill 2016, was referred to the Standing Committee on Finance on 12th April 2016 for examination and report thereon. The Standing Committee on Finance Committee submitted it report on 07, December, 2016. which was further placed before the Lok Sabha on 27th July, 2017 and Passed in Rajya Sabha on 19th December, 2017.

The Companies (Amendment) Bill, 2016 seeks to bring in changes in the Companies Act 2013, broadly aimed at broadly aimed at –

- addressing difficulties in implementation owing to undue stringency of compliance requirements,
- facilitating ease of doing business for companies, including start-ups, in order to promote growth with employment,
- harmonization with accounting standards, and other financial/economic legislations,
- rectifying omissions and inconsistencies in the Act, and
- Carrying out amendments in provisions relating to qualification and selection of members of NCLT and NCLAT in accordance with Supreme Court directions.

(iii) Companies (Amendment) Act, 2017

The subsequent amendments in Companies Act, 2013 was made through Companies (Amendment) Act, 2017 which was expected to ensure better corporate governance and improve the ease of doing business by simplify procedures, making compliance easier and taking stringent action against defaulting companies, strengthen corporate governance standards, achieve better harmonization with other statutes and address difficulties in implementation of the Companies Act, 2013.

The following were some of the amendments in Companies (Amendment) Act, 2017, to facilitate ease of doing business:

- For incorporation of a company, ‘affidavit’ has been replaced by “self-declaration” from the first subscribers to memorandum and first directors resulting ease in the additional documentary burden and avoid delay in the incorporation process.
- Allowing an unlisted company to hold its AGM anywhere in India if consented by all members in writing or in electronic mode providing flexibility by removing the restriction.
- The items which were mandatorily required to be passed by postal ballot may now be transacted at the general meeting where the facility of electronic voting is provided by the Company provides significant flexibility and would enable wider shareholder- participation and saving of cost.
- Instead of exact text of the policies, salient points of the CSR Policy, Remuneration Policy may be included in the Board’s report along with respective web link to be disclosed in Board’s report. Extract of Annual Return required to be incorporated under Board’s report can be uploaded on website, if any, and web link provided in Board’s report. This removes redundancy as the information on the web site is in public domain and just a click away for the interested reader.
- Simplification of the private placement process, involving doing away with separate offer letter, details/record of applicants to be kept by company and to be filed as part of return of allotment only, and reducing number of filings to Registrar.
- Allowing unrestricted object clause in the Memorandum of Association dispensing with detailed listing of objects, with a view to ease incorporation

- of companies; Self-declarations to replace affidavits from subscribers to memorandum and first directors
- Provisions relating to forward dealing and insider trading have been omitted from Companies Act as these are covered under SEBI regulations.
- Requirement of approval of Central Government for Managerial remuneration above prescribed limits has been replaced by approval through special resolution by shareholders in general meeting.
- Companies may give loans to entities in which directors are interested after passing special resolution and adhering to disclosure requirement.
- Amendment of definitions of associate company and subsidiary company to ensure that 'equity share capital' is the basis for deciding holding-subsidiary relationship rather than "both equity and preference share capital".
- Restriction on layers of subsidiaries and investment companies has been removed.
- Change in the definition of term 'relative' for determining disqualification of auditor.
- Rationalization of penal provisions with reduced liability for procedural and technical defaults. Penal provisions for small companies and One Person Companies are reduced.
- Reducing requirement for maintaining deposit repayment reserve account from 15% each for two years to 20% during the maturing year.
- Foreign companies having incidental transactions through electronic mode have been exempted from registering and compliance regime under the Act.
- Align prescription for companies to have Audit Committee and Nomination and Remuneration Committee with that of Independent Directors (IDs)
- Test of materiality has been introduced for pecuniary interest for testing independence of IDs.
- Disclosures in the prospectus required under the Act and SEBI Regulations has been aligned, with a view to make these simpler, by allowing prescriptions be made by SEBI in consultation with Central Government.
- Re-opening of accounts has been limited to 8 years.
- Requirement for annual ratification of appointment/continuance of auditor by members has been removed.
- Amend provisions relating to Corporate Social Responsibility to bring greater clarity.

4. Exemption Notification 2017- 13th June, 2017

Ministry of Corporate Affairs provided exemption to Private Limited / Government / Section 8 Companies under Companies Act, 2013 vide Notifications dated: 13.06.2017 which are in addition to exemptions provided vide earlier notifications dated 05.06.2015. relating to [1]Private Limited Companies, [2]Government Companies and [3]Section 8 Companies.

These exemptions are applicable only to such Private Limited Companies, Companies defined under section 8 and Government Companies which have not committed a default in

filing their financial statements under section 137 of the Act or Annual Return under section 92 of the Companies Act, 2013 with Registrar of Companies.

The Concept of the Start-up/ Start-up Companies is introduced through this exemption notification which means “a private Company incorporated under Companies Act, 1956 or the Companies Act, 2013 and recognized as start-up in accordance with the notification issued by the Department of Industrial Policy and promotion, Ministry of Commerce and Industry.

Exemptions to Private Companies for facilitating the Ease of Doing Business are as under:

- Additional exemptions have been granted towards acceptance of deposits by Private Company, upon satisfaction of conditions provided in the notification:
- Every Private Company which is Small Company shall prepare the annual return containing the particulars of aggregate remuneration drawn by directors.
- In relation to One Person Company, Small Company and Private company (if such private company is a start-up), the annual return shall be signed by the company secretary, or where there is no company secretary, by the director of the company.
- Reporting on Adequacy of Internal Financial Controls System in audit report shall not apply to Private Company:
 - Which is a One-Person Company or small company; or
 - Which has turnover of less than INR 50 Crores as per latest audited financial statement; or
 - Which has aggregate borrowings from banks or financial institutions or any body corporate at any point of time during the financial year of less than INR 25 Crores.
- If the One Person Company, Small Company, Dormant Company or a Private Company (if such private company is a start-up) conducts the meeting of Board of Directors once in every half year and there is gap of not less than 90 days in both meetings, the said companies shall be deemed to have complied with the provisions of Companies Act, 2013.
- An interested director may also be counted for the purpose of quorum in such meeting after disclosure of his interest pursuant to section 184.

5. Committee on review of Offences under Companies Act, 2013 & Companies (Ordinance), 2018

In order to review the framework dealing with offences under the Companies Act, 2013 and related matters and to make recommendations to promote better corporate compliance, the Government of India has constituted a Committee on review of Offences under Companies Act, 2013 in July, 2018 and the said Committee, submitted its report in August, 2018.

The Committee recommended that the existing rigour of the law should continue for serious offences, whereas the lapses that are essentially technical or procedural in nature may be shifted to in-house adjudication process. The Committee observed that this would serve the twin purposes of promoting of ease of doing business and better corporate compliance. It would also reduce the number of prosecutions filed in the Special Courts which would in turn facilitate speedier disposal of serious offences and the offenders shall be penalised. The

liability under section 447 which deals with corporate fraud would continue to apply wherever fraud is noticed.

The Committee also recommend suitable amendments for significant reduction in compounding cases before the Tribunal, declaration of commencement of business, maintenance of a registered office, protection of depositors registration and management of charge declaration of significant beneficial ownership and independence of independent director. The main recommendation of the committee are

- To recategorization of 16 offences out of 81 which are in category of compoundable offence to an in-house adjudication Framework where in default' would be subject to penalty levied by an adjudication officer.
- To instituting a transparent and Technology driven in-house adjudication mechanism and increasing the transparency in house adjudication mechanism by minimising physical interface conducting processing on an online platform and Publication on the order of the website.
- strengthening the in-house adjudication mechanism to sub serve ultimate aim for achieving better compliances
- Declogging the NCLT etc.

After the submission of the Report, the immediate relief were expected by the Corporate and Stake holders, However at that time the parliament was not in session, to provides the immediate relief, the Ordinance in need to be issued by the Government of India, accordingly the Companies (Amendment) Ordinance, 2018 was promulgated by the President on the 2nd day of November, 2018.

In order to give continued effect to the Companies (Amendment) Ordinance, 2018, the President promulgated the Companies (Amendment) Ordinance, 2019 and the Companies (Amendment) Second Ordinance, 2019 on the 12th day of January, 2019 and the 21st day of February, 2019 respectively. With the constitution of new assembly, The Companies (Amendment) Bill, 2019 was introduced in Lok Sabha on July 25, 2019 to replace the Companies (Amendment) Second Ordinance, 2019 with certain other amendments which are considered necessary to ensure more accountability and better enforcement to strengthen the corporate governance norms and compliance management in corporate sector. The Companies (Amendment) Bill, 2019 passed in Lok Sabha on 26th July and on 30th July in the Rajya Sabha.

6. The Companies (Amendment) Act, 2019

The Companies (Amendment) Act, 2019 replace the Companies (Amendment) Second Ordinance, 2019 with certain additional amendments, inter alia, provides for the Ease of Doing Buisness:

- i. Amendment in clause (41) of section 2 of the Companies Act, 2013 so as to empower the Central Government to allow certain companies to have a different financial year instead of as determined by the Tribunal;
- ii. Amendment in sixteen sections of the Act so as to modify the punishment as provided in the said sections from fine to monetary penalties to lessen the burden upon the Special Courts;
- iii. Amendment in section 135 of the Act so as to bring clarity to -

- (a) carry forward the unspent corporate social responsibility amount, to a special account to be spent within three financial years and transfer thereafter to the Fund specified in Schedule VII, in case of an ongoing project; and
 - (b) transfer the unspent amount to the Fund specified under Schedule VII, in other cases;
- iv. Amendment in section 441 of the Act so as to enhance the jurisdiction of the Regional Director for compounding the offences

7. **Company law Committee on Decriminalise of Offences.**

Further, in line with the Government's objective of promoting Ease of Living in the country by providing Ease of Doing Business to law abiding corporates, fostering improved corporate compliance for stakeholders at large and also to address emerging issues having impact on the working of corporates in the country, MCA has constitute a Company Law Committee for examining and making recommendations to the Government on various provisions and issues pertaining to implementation of the Companies Act, 2013 and the Limited Liability Partnership Act, 2008.

The terms of reference of the Committee were as under:-

- Analyze the nature of the offences (compoundable and non-compoundable) and submit its recommendation as to whether any of the offences could be re-categorized as 'civil wrongs' along with measures to optimize the compliance requirements under the Companies Act, 2013 and concomitant measures to provide further Ease of Doing Business;
- Examine the feasibility of introducing settlement mechanism, deferred prosecution agreement, etc., within the fold of the Companies Act, 2013;
- Study the existing framework under the Limited Liability Partnership Act, 2008 and suggest measures to plug the gaps, if any, while at the same time enhancing the Ease of Doing Business;
- Propose measures to further de-clog and improve the functioning of the NCLT;
- Suggest measures for removing any bottlenecks in the overall functioning of the statutory bodies like SFIO, IEPFA, NFRA, etc. under the Act;
- Identify specific provisions under the Companies Act, 2013 and the Limited Liability Partnership Act, 2008 which are required to be amended to bring about greater Ease of Living for the corporate stakeholders, including but not restricted to review of Forms under the two Acts;
- Any other relevant recommendation as it may deem necessary.

The Committee submitted its report on 14th November, 2019.

8. **Companies (Amendment) Bill, 2020**

Based on the recommendations of the CLC and internal review by the Government, the government has proposed to amend various provisions of the Act to decriminalise minor procedural or technical lapses under the provisions of the said Act, into civil wrong; and considering the overall pendency of the courts, a principle based approach was adopted to further remove criminality in case of defaults, which can be determined objectively and which otherwise lack any element of fraud or do not involve larger public interest. In addition, the Government also proposes to provide greater ease of living to corporates through certain other amendments to the Act.

The Companies (Amendment) Bill, 2020, inter alia, provides for the following, namely:—

- (a) to decriminalise certain offences under the Act in case of defaults which can be determined objectively and which otherwise lack any element of fraud or do not involve larger public interest;
- (b) to empower the Central Government to exclude, in consultation with the Securities and Exchange Board, certain class of companies from the definition of "listed company", mainly for listing of debt securities;
- (c) to clarify the jurisdiction of trial court on the basis of place of commission of offence under section 452 of the Act for wrongful withholding of property of a company by its officers or employees, as the case may be;
- (d) to incorporate a new Chapter XXIA in the Act relating to Producer Companies, which was earlier part of the Companies Act, 1956;
- (e) to set up Benches of the National Company Law Appellate Tribunal;
- (f) to make provisions for allowing payment of adequate remuneration to nonexecutive directors in case of inadequacy of profits, by aligning the same with the provisions for remuneration to executive directors in such cases;
- (g) to relax provisions relating to charging of higher additional fees for default on two or more occasions in submitting, filing, registering or recording any document, fact or information as provided in section 403;
- (h) to extend applicability of section 446B, relating to lesser penalties for small companies and one person companies, to all provisions of the Act which attract monetary penalties and also extend the same benefit to Producer Companies and start-ups;
- (i) to exempt any class of persons from complying with the requirements of section 89 relating to declaration of beneficial interest in shares and exempt any class of foreign companies or companies incorporated outside India from the provisions of Chapter XXII relating to companies incorporated outside India;
- (j) to reduce timelines for applying for rights issues so as to speed up such issues under section 62;
- (k) to extend exemptions to certain classes of non-banking financial companies and housing finance companies from filing certain resolutions under section 117;
- (l) to provide that the companies which have Corporate Social Responsibility spending obligation up to fifty lakh rupees shall not be required to constitute the Corporate Social Responsibility Committee and to allow eligible companies under section 135 to set off any amount spent in excess of their Corporate Social Responsibility spending obligation in a particular financial year towards such obligation in subsequent financial years;
- (m) to provide for a window within which penalties shall not be levied for delay in filing annual returns and financial statements in certain cases;
- (n) to provide for specified classes of unlisted companies to prepare and file their periodical financial results;

- (o) to allow direct listing of securities by Indian companies in permissible foreign jurisdictions as per rules prescribed.

9. Other Initiatives

Relaxation through Rules & Circulars

On time to time the MCA, wherever necessary keeping in view of the requests received from various stakeholders extend relaxation for filing of Documents, additional fees, clarification etc. by issuing circulars and amendment in the Rules. This provide an ease to the business in the doing compliance in true letter and spirit.

Company Law Settlement Schemes

To facilitate ease of doing business, the Ministry of Corporate Affairs (MCA) on time to time has introduced Company Law Settlement Scheme (CLSS) for companies who have defaulted in making annual statutory filings with the Registrar of Companies (RoC) to condone the delay in filing annual statutory documents and grant immunity for prosecution in respect of such delayed filings. CLSS pertains to delayed filing of statutory documents only. Under the Scheme, companies are permitted to file statutory documents that were due for filling until a cut off date.

Similarly, in order to give an opportunity to the defaulting companies and to enable them to file the belated statutory documents in the MCA-21 registry, the Central Government has introduced "Companies Fresh Start Scheme, 2020 (CFSS-2020) scheme" vide General Circular No: 12/2020, dated 30th March, 2020, which give one time opportunity to the Companies to mark a fresh beginning as fully compliant companies by making good any defaults related to statutory filings, without paying any additional fees.

In addition, this scheme gives opportunity to inactive companies to get their companies declared as 'dormant company' under Section 455 of the Companies Act, 2013, by filing a simple application at the normal fee. The said provision enables inactive companies to remain on the register of the companies with minimal compliance requirements.

The CFSS-2020 scheme came into force on 01st April, 2020 and shall remain in force till 30th September, 2020.

LLP Settlement Scheme, 2020

As part of Government's constant efforts to promote ease of doing business, the Ministry of Corporate Affairs (MCA) has given a one time relaxation in additional fees to the defaulting LLPs to make good their default by filing pending documents and to serve as a compliant LLP in future by introducing "LLP Settlement Scheme, 2020".

However, in order to support and enable Limited Liability Partnerships (LLPs) to focus on taking necessary measures to address the COVID-19 threat and to reduce the compliance burden, certain modifications to the above Circular have been made on 30th March, 2020 and thereby introduced "Modified LLP Settlement Scheme, 2020" via General Circular No-13/2020, dated 30th March, 2020.

10. Ease of Doing Business – India

The Government in pursuance of its objective of providing greater "Ease of Doing Business" to all the stakeholders, brought greater transparency in corporate structure in order to foster better Corporate compliance to enhance the efficiency of the processes under

Companies Act, 2013, has introduced these reforms that resulted in India securing 63rd rank among 190 countries, thereby improving by 14 ranks from its earlier rank of 77th in 2019.

It is noteworthy that India has improved its rank in 7 out of 10 indicators and has moved closer to international best practices. The 2020 edition of the World Bank Report acknowledges India as one of the top 10 improvers, third time in a row, with an improvement of 67 ranks in 3 years. It is also the highest jump by any large country since 2011.

In order to facilitate **Ease of Doing Business**, the Ministry of Corporate Affairs (MCA), has taken a further initiative of introducing a new **Web Incorporation Form 'SPICE+'** which is effective from 23rd February, 2020, thereby replacing the old SPICE e-form.

The new SPICE+ form provide all the services right from the name reservation for the Company till opening of bank account post incorporation. It is an integrated Web form offering ten services by three Central Government Ministries & Departments. (Ministry of Corporate Affairs, Ministry of Labour and Department of Revenue in the Ministry of Finance) thereby reducing many procedures, saving time and cost for starting a business in India.

Ministry of Corporate Affairs has also contributed substantially towards insolvency resolution process. As per the latest Report of the Resolving Insolvency Index, India's ranking improved by 56 places to 52 in 2019 from 108 in 2018. Recovery rate increased from 26.5% in 2018 to 71.6% in 2019 and time taken in recovery improved from 4.3 years in 2018 to 1.6 years in 2019.

On Competition Law, the Government has revised De-Minimis exemption under Competition Act 2002 for speeding up of Mergers & Acquisitions of companies in the country and introduced an automatic system of approval for combinations under Green Channel. Under this process, the combination is deemed to have been approved upon filing the notice in the prescribed format. This system would significantly reduce time and cost of transactions.

Conclusion

The Government has launched the number of policy reforms for ease of doing business, however, it is the Corporates and Professionals whose moral duty is to follow the law and do the compliances in true letter and spirit.

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