

Ministry of Corporate Affairs – initiatives and salient achievements in the last six months

The mandate of the Ministry of Corporate Affairs primarily concerns administration of the legal framework within which companies registered in India are to operate along with some other connected matters. Within this mandate rapid strides have been made in the last six months to improve the legal framework, simplify procedures and speed up decision-making for ease of doing business to usher in a healthy environment for investment and corporate growth.

Attention is invited to the following salient achievements.

1. Enhancing Efficacy of Companies Act, 2013.

- After consultations and interactions with business chambers, corporate and accounts professionals 40 clarifications/elaborations have been made in the form of circulars. These have removed doubts and facilitated a smooth implementation of Companies Act, 2013.
- Fifteen amendments in various Companies Rules have also carried out to achieve similar objectives.
- In seven instances statutory orders to ‘remove difficulties’ have been issued for smooth implementation of Companies Act, 2013. These notifications have received wide appreciation in the corporate world.
- To derive greater benefits of outcomes of CSR initiatives, relevant rules have been amended enabling wider spread of CSR funding; new items eligible for funding have also been added to provide impetus to sanitation and environment-related concerns.

2. Providing Greater Clarity in Companies Act, 2013 for Ease of Doing Business

To make Company Law even more business and growth friendly amendments have been moved and already approved by the Lok Sabha to:

- Bring provisions for minimum capital and company seal at par with international best practices.
- Make approval for related party transactions simpler without unduly diluting safeguards for minority shareholders.
- Provide explicit penalties for failure to honour terms and conditions of deposits.
- To retain the stringent bail provision only for the serious offences of fraud.
- To rationalize procedural aspects to deal with frauds detected during the course of audit.

3. Simplification for forms and procedures for Easy Compliance

To make compliances and reporting easy and convenient to companies following major initiatives have been taken:

- Four prescribed forms have been discontinued along with substitution of a simple declaration instead of affidavits for several purposes.
- Procedural requirements for foreign nationals to be Directors in Indian Companies have been drastically reduced.
- Arrangements have been completed for integration of Name Availability, allotment of Direct Identification Number (DIN), Company Incorporation and Commencement of Business with the unified e-

business portal being developed by the Ministry of Industries and Commerce.

- Fee payable by small companies for various services significantly reduced.
- Arrangements to enable Indian companies to follow new Accounting Standards, i.e. IndAS (compatible with the International Financial Reporting Standards – IFRS) completed. This will facilitate access for Indian companies to international capital markets.

4. Dealing with Corporate Delinquency

- SFIO completed the investigations in the affairs of 17 so-called ‘Chit Fund Companies’ unravelling their modus operandi. Apart from prosecuting such companies for failure of Companies Act, evidence gathered has been shared with the CBI which is looking into criminal offences of such companies.
- Initial steps have been taken to cause merger of NSEL Limited with its parent company Financial Technologies (India) Limited to protect the interest of investors in NSEL on account of its regulatory defaults and the failure of the holding company to exercise oversight. This is the first ever initiative.
- Investigation in serious cases of online fraud have been completed.
- Lessons learnt in this investigation should play a positive role in checking such frauds.

5. Investor Education initiatives.

1380 programs were conducted in various locations to familiarize small investors of the opportunities and pitfalls in making investments.