

**GOVERNMENT OF INDIA
MINISTRY OF CORPORATE AFFAIRS
LOK SABHA UNSTARRED QUESTION NO- 98**

**ANSWERED ON MONDAY THE 03RD FEBRUARY, 2025
MAGHA 14 1946 (SAKA)**

STEPS TO REDUCE LITIGATION UNDER COMPANY LAW

**98. SHRI RAMVIR SINGH BIDHURI
SHRI JUGAL KISHORE
SHRI HARISH CHANDRA MEENA**

Will the Minister of Corporate Affairs be pleased to state:-

- a) The steps taken or proposed to be taken by the Government to reduce the number of cases pending in the courts of Rajasthan and other parts of the country under the company law;
- b) The number and details of the cases withdrawn and reduce the Government as a result of the set taken to reduce the burden of litigation and the number of such cases related to Delhi;
- c) Whether the Government is taking any additional step to improve the ease of doing business and to enhance corporate Governance structure in Rajasthan in other parts of the country;
- d) If so, the details thereof ?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF CORPORATE AFFAIRS AND MINISTRY OF ROAD TRANSPORT AND HIGHWAYS

[SHRI HARSH MALHOTRA]

(a) & (b) : The Ministry of Corporate Affairs (MCA) has taken several steps to review pending prosecutions in various courts. In 2017 and later in 2022, a committee of senior officers of MCA was set up to give recommendations regarding withdrawal of prosecutions. The objective was to free Judicial Courts from dealing with offences that are procedural and technical in nature to ensure that such courts are able to focus on serious offences. It was envisaged that cases of procedural and technical nature may be handled through an adjudication process.

Accordingly, 14,247 prosecutions were withdrawn in Special Drive-I conducted in 2017. Further, 6266 prosecution were withdrawn in Special Drive-II in 2023-24 in various part of the country.

The cases identified & withdrawn in the state of Rajasthan (ROC Jaipur) and Delhi (ROC Delhi & Haryana) were 10 & 18 respectively. Further, as on 30.11.2024, the number of prosecutions pending with ROC Jaipur and ROC Delhi & Haryana are 258 & 938 respectively.

(c) & (d) : The Government has been taking various steps to improve ease of doing business and enhance corporate governance from time to time which are applicable to the entire country including Rajasthan. Some of the important steps are as under:-

(i) Decriminalization of 63 offences under the Companies and LLP Acts. One of the objectives of decriminalization has also been reduction of litigation burden in judicial courts and shifting the prosecution cases towards adjudication;

(ii) Setting up of a Centralized Registrar of Companies (CRC) for incorporation;

(iii) Setting up of a Centre for Processing Accelerated Corporate Exit (C-PACE) for voluntary exit of companies and LLPs ;

(iv) Setting up of a Central Scrutiny Centre (CSC) for centralised scrutiny of e-Forms filed under Straight Through Process (STP);

(v) Conversion of more than 50 forms to STP (Straight Through Process) which earlier required approval of field offices;

(vi) Setting up of a Central Processing Centre (CPC) for centralised processing of specified non-STP e-forms;

(vii) Introducing a new e-Form SPICe+ along with a linked form called AGILE PRO-S for providing different services at one place such as Name Reservation, Incorporation, allotment of PAN, TAN, DIN, EPFO Registration, ESIC Registration, Professional Tax Registration , Shops and Establishment Registration, GST number, opening of Bank Account etc. at the time of incorporation of company to start the business immediately. Similarly, new eForm FiLLiP (Form for incorporation of Limited Liability Partnership) was introduced for providing the same services in a single application;

(viii) Definition of small companies has been amended by increasing the threshold limit of a small company, having a paid-up capital not exceeding Rs. 4.00 Crore and turnover not exceeding Rs 40.00 Crore. Similarly, concept of small LLP has been introduced which is subject to lesser compliances, lesser fee to reduce the cost of compliances;

(ix) Zero fee for incorporation of company with authorized capital up to Rs.15.00 Lakh;

(x) Extended fast track process for mergers under section 233 of the Companies Act, 2013 to include mergers of Startups with other Startups and with small companies, so that the process of mergers & amalgamations is expedited.

(xi) The scope of section 233 of CA-2013(Fast Track Mergers & Amalgamation through approval of Regional Directors) enhanced. This now also covers merger of a transferor foreign company incorporated outside India (being a holding company) with its wholly owned subsidiary incorporated in India.

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