

**GOVERNMENT OF INDIA
MINISTRY OF CORPORATE AFFAIRS**

RAJYA SABHA

UN-STARRED QUESTION NO. 819

ANSWERED ON TUESDAY, FEBRUARY 9, 2021/ 20 MAGHA, 1942 (SAKA)

INCORPORATION OF COMPANIES DURING THE CURRENT FISCAL YEAR

QUESTION

819: SHRI SAMBHAJI CHHATRAPATI:

Will the Minister of CORPORATE AFFAIRS be pleased to state:

(a) whether COVID-19 pandemic had a telling effect on the incorporation of companies in comparison to 2019-20 despite encouragement extended to the MSME sector in the country, if so, the details thereof; and

(b) whether Government extends help and support to the companies incorporated in the planning and commissioning and, if so, the details thereof?

ANSWER

**THE MINISTER OF STATE FOR
FINANCE AND CORPORATE AFFAIRS**

(SHRI ANURAG SINGH THAKUR)

(a): The number of companies incorporated from April, 2020 till December, 2020 (COVID 19 period) in the Financial Year 2020-21 (till 31-12-2020) compared to corresponding period from April, 2019 to December, 2019 in the Financial Year 2019-20 (till 31-12-2019) has actually increased by about 21% as is evident from the following details:

	Number of New Companies Incorporated		Increase in percentage (%)
	April 2019 to December 2019	April 2020 to December 2020	
Total	93754	113033	20.56%

(b): Ministry of Corporate Affairs has taken steps to extend help and support to the companies incorporated and its details are as under:

(i) The "Companies Fresh Start Scheme, 2020" was launched to make a fresh start for companies to be a fully compliant company by allowing them to file belated documents in MCA-21 Registry without any additional fees from 1st April to 31st December, 2020. The said scheme has also given immunity from prosecutions and proceedings for imposition of penalty which might arise on account of such delayed filing of documents.

(ii) In the wake of COVID 19 and to provide relief to law abiding companies a scheme was launched for relaxation of time for filing forms related to creation or modification of charges under the Companies Act, 2013 during the period from 01st March to 31st December, 2020.

(iii) MCA has announced a Condonation of Delay Scheme for Companies restored by NCLT between 1st December, 2020 to 31st December, 2020 under section 252 of the Companies Act, 2013. The Scheme provides to condone delay in filing forms with the Registrar, and spares payment of additional fees. This Scheme will be in operation from 01st February 2021 and will be available for filing of any overdue e-forms by such companies till 31st March 2021.

(iv) In order to provide relief to the companies in view of COVID-19 pandemic, the companies have been allowed to conduct Board Meetings through Video Conference (VC) or other audio-visual means for passing resolutions in respect of matters which were earlier required to be passed in meetings which required physical presence of directors by amending the Companies (Meetings of Board and its Powers) Rules 2014 from time to time during COVID-19 pandemic. Such facility to the companies has been allowed till 30th June, 2021. (initially it was till 30.06.2020, then extended to 30.09.2020 and 31.12.2020).

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- (v) The companies have been allowed to hold Extraordinary General Meetings (EGMs) through Video Conferencing (VC) or other audio-visual means (OAVM) complemented with e-Voting facility/simplified voting through registered emails till 30th June, 2021.
- (vi) The companies have been allowed to conduct their Annual General Meetings (AGMs) by Video Conferencing (VC) or other audio-visual means (OAVM) whose AGMs were due to be held in the year 2020 or become due in the year 2021 to conduct their AGMs on or before 31.12.2021. Owing to the difficulties in sending physical copies of the financial statements, the companies are also allowed to send the financial statements, along with Board's reports, Auditor's reports and other documents required to be attached therewith, only through email.
- (vii) The Registrar of Companies on the advice of Ministry had given extension of time in holding of Annual General Meeting for the financial year ended on 31st March, 2020 till 31st December, 2020 (The maximum period which can be extended by the Registrar of Companies under section 96 of the Act).
- (viii) The Companies (Auditor's Report) Order, 2020 has now been made applicable from the audit of financial statements for the financial year 2021-22 to ease the auditors and the companies.
- (ix) The mandatory requirement of holding meetings of the Board of the companies within the intervals provided in section 173 of the Companies Act, 2013 (CA-13) (120 days) were extended by a period of 60 days till next two quarters i.e., till 30th September, 2020. Accordingly, as a one-time relaxation, the gap between two consecutive meetings of the Board were extended to 180 days till the next two quarters, instead of 120 days as required in the CA-13.
- (x) Independent Directors (IDs) of a company have been given relaxation from holding atleast one mandatory meeting and accordingly for the financial year 2019-20, if the IDs of a company have not been able to hold such a meeting, the same has not been viewed as a violation.
- (xi) Timeline for creation of deposit repayment reserve of 20% under section 73(2)(c) of CA-13 and to invest or deposit 15% of amount of debentures under rule 18 of Companies (Share Capital and Debentures) Rules, 2014 was extended till 31st December, 2020.
- (xii) An additional period of 180 more days has been allowed to comply with the requirement of filing a declaration for Commencement of Business by newly incorporated companies.
- (xiii) Non-compliance of minimum residency in India for a period of at least 182 days by at least one director of every company, under Section 149 of the CA-13 shall not be treated as a non-compliance for the financial year 2019-20 and 2020-21.
- (xiv) Till 31st December, 2020, the inability to dispatch the notice for Rights Issues by listed companies to their shareholders through registered post or speed post or courier would not be viewed as violation of section 62(2) of the Act provided these companies comply with the SEBI Circulars dated 6th May, 2020 and 24th July, 2020 which inter-alia provide the mode/manner of issuance of notice by electronic transmission by listed companies.
- (xv) Requirement for investing 15% of amount of debentures maturing in a particular year in specified instruments has been done away with for listed companies & Non-Banking Financial Companies (NBFCs) when such debentures are issued on a private placement basis.
- (xvi) Time allowed to Auditors and Audit Firms with the National Financial Reporting Authority (NFRA) for filing NFRA-2 form has been extended till a total period of 270 days in view of the difficulties faced during COVID-19 related disruption.
- (xvii) The expenditure incurred by companies on activities relating to Central Armed Police Forces (CAPF) and Central Para Military Forces (CPMF) Veterans, and their dependents including widows has been considered as CSR expenditure.
- (xviii) Last date of submission of Cost Audit Report by the Cost Auditor to the management of the company has been extended till 31st December 2020 and additional fee has been relaxed for filing of CRA-4 (form for filing of cost audit report) for financial year 2019-2020.
