

# 36,191 new companies incorporated from April to June 2021; an increase of 17,223 new Companies

## Several steps taken by Ministry of Corporate Affairs during COVID-19 Pandemic

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The number of new companies incorporated in the Country under the provisions of the Companies Act, 2013 from April 2021 to June, 2021 is 36,191 as compared to 18,968 number of new companies in the corresponding period of last year which is an increase of 17,223 number of new Companies. This was stated by Minister of State for the Ministry of Corporate Affairs Shri Rao Inderjit Singh in a written reply to a question in the Lok Sabha today.

The Minister detailed the following steps have been taken by the Ministry of Corporate Affairs during the COVID-19 Pandemic:-

- i. The Companies Fresh Start Scheme (CFSS), 2020 during the period 1.4.2020 to 31.12.2020 (launched to make a fresh start for companies to be a fully compliant company by allowing them to file belated documents in MCA21 registry without any additional fees from 1<sup>st</sup> April to 31<sup>st</sup> 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. As per records, **47,3131 number of Indian Companies and 1,065 number of Foreign Companies have been benefited by availing the CFSS, 2020 scheme for filing their pending documents.**
- ii. The MCA introduced an LLP Settlement Scheme, 2020 to provide one-time relaxation in additional fees to the defaulting Limited Liability Partnerships.
- iii. Keeping in view the second COVID wave and considering the difficulties arisen due to resurgence of COVID-19 pandemic, the Ministry has granted relaxation on levy of additional fees for companies / LLPs in filing certain forms.
- iv. Considering the difficulties arisen due to resurgence of COVID-19 pandemic, the Ministry vide General Circular no. 7/2021 dated 03.05.2021 has granted relaxation of timelines and condoned the delay in filing forms that are related to creation / modification of charges (CHG-1 Form and CHG-9 Form) by a company or charge holder and where the date of creation / modification of charge is (i) before 1.4.2021, but the time line for filing such form had not expired under section 77 of the Act as on 1.4.2021; or (ii) falls on any date between 1.4.2021 to 31.5.2021 (both dates inclusive).
- 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 30<sup>th</sup> 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.**
- vii. The Companies (Indian Accounting Standards) Rules, 2015 have been amended vide notification dated 18.06.2021, inter-alia, to extend the benefits of COVID-19 related rent concession, that were

introduced last year, from 30th June, 2021 to 30th June, 2022.

- viii. 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. Considering the second COVID wave, the Ministry further extended the aforesaid relaxation for the year 2021-22 and accordingly the time gap between two consecutive meetings of the Board may extend to 180 days during the Quarter – April to June 2021 and Quarter – July to September, 2021, instead of 120 days as required in the Companies Act, 2013.
- ix. The Ministry enhanced the period to thirteen months from 1<sup>st</sup> December, 2019 within which existing Independent directors may apply online for inclusion of their names in the databank for Independent Directors vide amendments in the Companies (Appointment & Qualification of Directors) Rules, 2014 from time to time. Further, the Companies (Creation and Maintenance of databank of Independent Directors) Rules, 2019 have been amended vide notification dated 18.06.2021 to provide that in case an individual has delayed in applying to the Institute for inclusion of his name in the data bank of Independent Directors or in case of delay in renewal thereof, the Institute shall allow such inclusion or renewal, as the case may be, after charging a further fees of one thousand rupees on account of such delay.
- x. 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.
- xi. Requirement for investing 15% of amount of debentures maturing in a particular year in specified instruments has been done away with for Listed companies & NBFCs when such debentures are issued on a private placement basis.
- xii. Time allowed to Auditors and Audit Firms for filing NFRA-2 form with the NFRA has been extended till a total period of 270 days in view of the difficulties faced during COVID-19 related disruption.
- xiii. Last date of submission of Cost Audit Report by the Cost Auditor to the management of the company has been extended till 31<sup>st</sup> 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.

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