

**GOVERNMENT OF INDIA  
MINISTRY OF CORPORATE AFFAIRS**

**LOK SABHA  
STARRED QUESTION NO. 127  
ANSWERED ON FRIDAY, THE 04<sup>th</sup> MARCH, 2016/  
PHALGUNA 14, 1937 (SAKA)**

**EASE OF DOING BUSINESS**

**QUESTION**

**\*127. SHRI DHARMENDRA YADAV:  
SHRI ADHALRAO PATIL SHIVAJIRAO:**

**Will the Minister of CORPORATE AFFAIRS  
be pleased to state:**

कारपोरेट कार्य मंत्री

- (a) whether the Government is considering to amend the Companies Act so as to make doing business easier and if so, the details thereof;
- (b) whether the Government has also announced Central Registration Centre (CRS) and Government Process Re-engineering (GPR) for ensuring faster clearances to incorporate companies and if so, the details thereof;
- (c) whether the Government has appointed a panel to suggest the amendments for improving the ease of doing business, if so, the details thereof and the major suggestions made by the aforesaid panel along with the action taken by the Government thereon;
- (d) whether the Government has decided to launch a public consultation process on the suggested changes and if so, the details thereof; and
- (e) the other steps taken by the Government to improve the ease of doing business in the country?

**ANSWER**

**THE MINISTER OF CORPORATE AFFAIRS**  
कारपोरेट कार्य मंत्री

**(SHRI ARUN JAITLEY)**  
(श्री अरुण जेटली)

**(a) to (e):- A statement is laid on the Table of the House.**

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**STATEMENT REFERRED TO IN ANSWER TO LOK SABHA STARRED QUESTION NO. 127 FOR 04.03.2016 REGARDING EASE OF DOING BUSINESS.**

**(a) to (e):- Yes, Madam. Government had constituted the Companies Law Committee (CLC) to, inter-alia, look into issues arising from the implementation of Companies Act, 2013 (the Act). CLC has submitted its report on 1<sup>st</sup> February, 2016. The CLC has suggested amendments to around 78 Sections, not including consequential amendments in other sections, of the Act. In addition to resolving other issues faced by stakeholders, the suggested amendments focus on making it easier to do business in the Country.**

**In preparing its Report, the CLC had invited suggestions from public and held broad based consultations with experts and stakeholders before giving its recommendations. The CLC's Report is available on the website of the Ministry. Ten key recommendations of the CLC are at Annexure I.**

**On receipt of the CLC report, Government had invited public comments. Around 1200 comments were received, mostly supporting the proposed changes in the Act. A number of comments were repetition of the earlier suggestions received and considered by the CLC. The comments were considered by the Government while finalising its views on accepting the recommendations of the CLC. As per requirements, inter-ministerial consultation has to be completed before any further action.**

**The Ministry of Corporate Affairs has established a Central Registration Centre (CRC) for faster processing of applications for availability of names, which would subsequently be extended to incorporation of Companies after necessary modifications in the MCA21 system.**

**To facilitate ease of doing business, the Ministry of Corporate Affairs has introduced an integrated INC-29 form for incorporation of companies, omitted requirement for minimum paid up capital, made mandatory common seal for companies optional and done away with filing for commencement of business. Other departments have also taken steps with emphasis on simplification of existing rules and procedures and use of information technology for ease of doing business and to make governance more effective and efficient.**

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**ANNEXURE REFERRED TO IN THE REPLY TO LOK SABHA STARRED QUESTION NO. 127**

**10 OF THE KEY RECOMMENDATIONS OF THE COMPANIES LAW COMMITTEE**

- 1. Simplification of the private placement process [section 42].**
- 2. Incorporation process to be made easier by allowing unrestricted object clause in the Memorandum of Association dispensing with detailed listing of objects, self-declarations to replace affidavits from subscribers to memorandum and first directors [sections 4 and 7].**
- 3. Provisions relating to forward dealing and insider trading to be omitted from Companies Act as these are covered under SEBI regulations [sections 194 and 195].**
- 4. Companies may give loans to certain entities in which directors are interested after passing special resolution and adhering to disclosure requirement [section 185].**
- 5. 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" [section 2].**
- 6. Restriction on layers of subsidiaries and investment companies to be removed [sections 2(87) and 186(1)].**
- 7. Requirement of approval of Central Government for Managerial remuneration to be exercised by shareholders through a special resolution [sections 196 and 197].**
- 8. Change in the definition of term 'relative' for determining disqualification of auditor [section 141].**
- 9. Test of materiality to be introduced for pecuniary interest for testing independence of ID [section 149].**
- 10. Frauds less than Rs. 10 Lakh to be compoundable offences [Section 447].**

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