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# Reduction of cost of compliance for companies

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The Ministry of Corporate Affairs (MCA) administers Companies Act/ Limited Liability Partnership Act. The MCA has been taking steps on an ongoing basis by amending the Act and the rules and forms thereunder, from time to time in the years 2015, 2017 & 2019, to reduce the cost of compliance and for ease of doing business. This was stated by Shri Anurag Singh Thakur, Union Minister of State for Finance & Corporate Affairs, in a written reply to a question in Rajya Sabha today.

Giving more details, Shri Thakur stated that the MCA has increased the requirement of paid up capital from rupees 5 crore to rupees 10 crore for appointment of Whole Time Company Secretary vide Companies (Appointment and Remuneration of Managerial Personnel) Amendment Rules, 2020, and the registration fee for incorporation of Companies with authorized capital of up to Rs. 15 lakh has been reduced to Zero by the Companies (Incorporation) Second Amendment Rules, 2019.

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Listing the steps taken so far, Shri Thakur stated that MCA has reduced cost of compliance for small companies which is defined under section 2(85) of the companies Act, 2013 and also for private companies (Start Up) from complying with various provision of Companies Act which are as under:

- A private company which is a startup /small companies are not required to include cash flow statement with financial statements which otherwise is a mandatory.
- A private company which is a startup /small companies, Annual return shall be signed by the company secretary or where there is no company secretary, by the director of the company.
- A private company which is a startup /small companies, One board meeting in each half of a calendar year with gap between two meetings of not less than 90 days is sufficient to comply with the requirement of section 173(5) of the Companies Act as against the earlier requirement meeting at least once in 120 days and hold a minimum of 04 board meetings in a year.
- Small companies are exempted from producing certification form practicing professionals, under various provisions of the Act, 2013 r.w rule 12 (a) of the Companies (Registration Offices and Fees) Rules, 2014,
- Small companies can approach Regional Director for corporate mergers, arrangements etc. instead of National Company Law Tribunal (NCLT),
- Lesser penalties are applicable for small companies, one person companies for certain contravention under section 446 B of the Companies Act, 2013 and

Small companies are given certain concessions/rebates on fee payable on applications (including appeal) made to Central Government under Section 459 (2) of the Companies Act, 2013.

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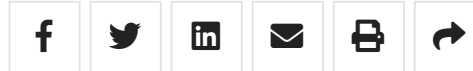
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