

**Press Information Bureau
Government of India
Ministry of Corporate Affairs**

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Major Initiatives and Achievements of the Ministry of Corporate Affairs in the Last One Year

Following are the major initiatives and achievements of the Ministry of Corporate Affairs in the last one year.

- **Furthering ease of doing business - Companies Act, 2013:**
 - **16 amendments in the Companies Act, 2013 approved by the Parliament** – these amendments are aimed at facilitating business and addressing concerns raised by stakeholders. A summary of the amendments is enclosed at **Annexure-1**.
 - A new integrated e-Form INC-29 has been made available w.e.f 1st May, 2015 for companies. The Form does away with filing multiple applications/forms saving time and payable fees. Detail may be seen at **Annexure-2**.
 - 24 amendments in Rules under the Companies Act, 2013, 8 Removal of Difficulty Orders as well as many clarifications were also issued.
 - Certain prescribed forms were discontinued or merged with existing forms. Other Forms were also simplified.
- **Setting up of a Committee to look into further modifications required in the Companies Act, 2013.**
 - A broad based Committee consisting of representatives of the Institute of Company Secretaries of India, the Institute of Chartered Accountants of India or some industry chambers and from the Ministry is being constituted to look into requirement for further changes in the Companies Act, 2013.
- **Notification of Indian Accounting Standards (Ind AS):**
 - Consequent to announcement in the budget of Financial Year 2014-15 (para 128), accounting standards converged with global standards, namely, International Financial Reporting Standards (IFRS) were framed in consultation with the Institute of Chartered Accountants of India and National Advisory Committee on Accounting Standards. These thirty nine standards, called Indian Accounting standards (Ind AS) have been notified on 16.02.2015 as Companies (Indian Accounting Standards) Rules, 2015. These accounting standards are significantly congruent with the global standards, with minimum carve-outs and are expected to boost investor confidence.
- **Constitution of NCLT and NCLAT**
 - The Constitution Bench delivered its final order on the long standing litigation. The constitution of the NCLT is being taken up in an expeditious manner.

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ANNEXURE 1**Companies (Amendment) Bill, 2015****SUMMARY OF AMENDMENTS AND THE OFFICIAL AMENDMENTS**

1. Omitting requirement for minimum paid up share capital, and consequential changes. (For ease of doing business) -[section 2(68)/2(71) of the Companies Act, 2013 (Act)].
2. Making common seal optional, and consequential changes for authorization for execution of documents. (For ease of doing business) -[sections 9, 12, 22, 46 and 223 of the Act].
3. Doing away with the requirement for filing a declaration by a company before commencement of business or exercising its borrowing powers. (For ease of doing business) -[Omission of section 11 of the Act and consequential change in section 248]
4. Prescribing specific punishment for deposits accepted under the new Act. To deal with defaults in repayment of depositor. (For protection of depositors' interests) – [New Section 76A of the Act]
5. Prohibiting public inspection of Board resolutions filed in the Registry. (To provide for confidentiality of commercial interests discussed in resolutions) -[section 117(3) of the Act].
6. Including provision for setting off past losses/depreciation before declaring dividend for the year- (Standard prudential clause). [section 123(1) of the Act]
7. Rectifying the requirement of transferring equity shares for which unclaimed/ unpaid dividend has been transferred to the Investor Education and Protection Fund (IEPF) even though subsequent dividend(s) has been claimed -[section 124(6) of the Act].
8. Enabling provisions to prescribe thresholds beyond which fraud shall be reported to the Central Government (below the threshold, it will be reported to the Audit Committee/ Board). Disclosures for the latter category also to be made in the Board's Report. [section 143(12) and 134(3) of the Act].
9. Empowering Audit Committee to give omnibus approvals for related party transactions on annual basis. (Align with SEBI policy and increase ease of doing business)– [section 177(4) of the Act].
10. Exemption u/s 185 (Loans to Directors) provided for loans to wholly owned subsidiaries and guarantees/securities on loans taken from banks by subsidiaries. (This was provided under the Rules but being included in the Act as a matter of abundant caution). [section 185(1) of the Act].
11. Replacing 'special resolution' with 'resolution' for approval of related party transactions by non-related shareholders. (Balance the process for majority supported genuine commercial decisions) -[section 188(1) of the Act].
12. Related party transactions between holding companies and wholly owned subsidiaries exempted from the requirement of approval of non-related shareholders. -[section 188(1) of the Act].
13. Bail restrictions to apply only for offences relating to fraud u/s 447. [section 212(6) of the Act].
14. Winding up cases to be heard by 2-member Bench instead of a 3-member Bench. - [section 419 of the Act].

15. Special Courts to try only those offences carrying imprisonment of two years or more. (Rationalization of jurisdiction, to let magistrates try minor violations, with the objective of speeding up disposal). [section 435 and 436 of the Act].

16. Rationalizing the procedure for laying draft notifications granting exemptions to various classes of companies or modifying provisions of the Act in Parliament, in order to ensure speedier issue of final notifications. (For a faster process of giving exemptions to classes of companies). [section 462 of the Act].

ANNEXURE 2**NEW FORM INC-29**

- 1) The integrated e-Form INC-29 is available with effect from 01.05.2015 for One Person Company, Private Company, Public Company and Producer Company.
- 2) INC-29 does away with filing of multiple applications/forms saving time and payable fees. It combines the processes relating to:-
 - i. Allotment of Director Identification Number (DIN) (up to three Directors),
 - ii. Incorporation of a company, and
 - iii. Appointment of first Directors of the company.
- 3) The new e-Form does away with the need for reserving a name for the company prior to applying for its incorporation.
- 4) Declarations are in-built in the e-Form. Separate attachments containing such declarations are not required.
- 5) The e-Form is enabled for future integration with e-Biz platform of DIPP for generating applications for PAN, ESIC and EPFO numbers on the platform and therefore provide a single interface for these applications also.

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