

B K Goyal & Co LLP Chartered Accountants. From 15000 Companies to Less than 2000, end for new companies in India ?

In india, more than 15000 companies were getting registered every month under the Companies Act 2013 since many months but the train stopped in Feb 2023 where not even 1500 Companies got registered by 26.02.2023.



Jaipur, Rajasthan Feb 26, 2023 ([Issuewire.com](https://www.issuewire.com)) - B K Goyal & Co LLP Chartered Accountants A Company in India is registered under the Companies Act 2013, either in the form of a Private Limited, Limited, Nidhi, Producer, NBFC, One-Person, or Section 8 Company. The company registration process involves certification of either a Practicing [Chartered Accountant](#) or Company Secretary or Advocate.

For the last many years, the number of Companies getting registered every month in India were increasing at a very fast pace indicating the development of business and increasing startups but this journey stopped in Feb 2023 when the new Company registered decreased by more than 90%.

Statistics:

In accordance with data released by the Ministry of Corporate Affairs. In Dec 2022, more than 16000 new Companies were registered under the Companies Act, 2013 whereas in Jan 2023 the number came down to around 12000 new Companies. The number drastically came down to around 1500 in Feb 2023 up to 26.02.2023.

Reasons:

The reasons may be many behind the drop of 90% in new Companies registration, does this indicate there is a huge recession in India or something else? Let's understand it in detail. The main reason is the launch of untested MCA 21 Version 3 (V3) version of filings having N number of glitches. The professionals are wasting their precious time, and the business owners, directors, and shareholders are losing money in Crores of Rupees. The Ministry of Corporate Affairs in circular number 01/2023 announced that e-filing of certain forms will not be available from 07.01.2023 to 22.01.2023. All the company registration-related filing started again in the last week of Jan on V3 instead of V2 but the V3 was untested and not properly developed which led to glitches in the system. Further, the forms which were somehow successfully filed for incorporation after tremendous wastage of time were not scrutinized, reverted, and approved in a timely manner leading to a reduction of more than 90% in new company registration.

Impact:

This not only affected the shareholders, directors, and stakeholders of the company but affected the economy, government revenue, and unemployment leading to a loss of Crores of Rupee to the economy. 1500 Companies against 15000 Companies led to a disaster wherein businesses were not able to start operations, manufacturing, and sales. Since, the businesses were not able to start operations hence they did not recruit employees, managers, labour for their business led to the loss of livelihood for thousands of people. Further, this also led to the loss of govt revenue in form of GST and Income Tax as they were not able to start sales hence there was no govt revenue as well. Overall, it's a disaster that came at a time when the entire world is going through a recession and policymakers are trying to control inflation. How can they control inflation when they are restricting supply in the form of a reduction of 90% in new company registrations?

Solution:

The Ministry of Corporate Affairs shall first come up with a press release and inform all the stakeholders that the V3 version was not tested and due to the mistake of rolling the system in a hurry, the new company registration in India was reduced to more than 90% so that the entire world shall come to know the real reason behind such a disaster as this brings a very negative picture of India stating that businesses are dying in India. Further, instead of avoiding calls, tickets, and grievances of professionals & stakeholders, the ministry of corporate affairs shall work together with its support staff and help professionals in solving the problems by answering their queries in a proper manner. Furthermore, the V3 version shall be made workable with immediate effect by indulging big IT teams from the nation so

that Crores of Rupee, Businesses, stakeholders, and govt revenue could be saved. If this continues for a couple of more months, then this might be our own made trigger to recession in India.

Regards,
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