

● BOOST FOR EASE OF DOING BUSINESS

MCA proposes time-bound approvals for corporate M&As

Effective from June 15, norms to address bureaucratic delays

SURABHI
New Delhi, May 16

IN A MOVE aimed at improving ease of doing business, the government has streamlined and expedited the process of corporate mergers and amalgamations.

The ministry of corporate affairs has notified changes to the Companies (Compromises, Arrangements and Amalgamations) Amendment Rules, 2023. The norms, which will be effective from June 15, aim to address the issue of bureaucratic delays in corporate restructuring by putting in place specific timelines.

In cases of amalgamation or merger where no objection or suggestions are received from the Registrar of Companies and the official liquidator within 30 days of the receipt of a copy of the scheme, the Centre can issue a confirmation order within 15 days provided that

FOSTERING TRANSPARENCY

■ MCA has notified changes to the Companies (Compromises, Arrangements and Amalgamations) Amendment Rules, 2023 to streamline corporate mergers and amalgamations



■ At present, there is no specified time period for the approval from the RoC, official liquidator & the Centre

■ The amendments will safeguard the interest of creditors and foster transparency to create a conducive environment for growth and development of business

smooth, more efficient and fast-track process for merger or amalgamation schemes for start-ups or small companies or both, which will also ensure safeguarding the interest of creditors and fostering transparency and accountability to creating a conducive environment for growth and development of business," said Jitin Aggarwal - Director (Audit and Advisory), SW India.

Amit Aggarwal, Partner, Nangia & Co, said overall, the amendment represents a significant step in India's corporate restructuring arena. "These amendments are poised to revolutionise the mergers and amalgamations process, enhancing efficiency and expediency," he said, adding that it is imperative to note that these changes remain inherently restrictive in nature, focusing primarily on schemes that uphold public interest.

"Through these amendments, the Indian government seeks to strike a delicate balance between facilitating corporate growth and safeguarding the broader interests of the public and creditors," he however, said.

the scheme is in the public interest or in the interest of creditors.

If any objections or suggestions are received from the RoC and official liquidator and the Centre has found these objections to be unsustainable and the scheme is determined to be in the public interest, it may issue a confirmation order within 60 days. In cases where the merger or amalgamation is not beneficial to the public interest, the Centre can file an application before the Tribunal for a review.

Further, where the Centre fails to issue a confirmation order within 60 days, the merger or amalgamation scheme will be deemed to be approved. Experts noted that at present there is no specified time period for the approval from the RoC, official liquidator and the Centre where the transferee company has filed a scheme copy for the approval of the merger or amalgamation. "With the introduction of these amendments, it demonstrates the MCA's commitment to facilitating a

FINANCIAL EXPRESS Wed, 17 May 2023
<https://epaper.financialexpress.com/c/72439399>



Centre puts start-ups' merger approval process on fast track

TIME IS OF ESSENCE. Ushers in 'deemed approval' concept to avoid bureaucratic delays

KR Srivats
New Delhi

The Centre has further streamlined the merger approval process for start-ups under the 'fast track merger' scheme introduced in 2016, binding the Ministry of Corporate Affairs (MCA) to time-bound decision making on merger proposals filed under the scheme.

NEW CONCEPT

The MCA has, through the amendment to the Corporate (Compromises, arrangements and amalgamations) Rules, introduced the concept of 'deemed approval' to address the issue of bureaucratic delays in corporate restructuring, especially the 'fast track scheme'.

The new dispensation



WELCOME CHANGE. Experts said this MCA intervention was long awaited, as earlier, start-ups had to endlessly wait to hear from the government ISTOCK

would go live from June 15, the MCAsaid. Per the amendments, under the deemed approval concept, if the Central government does not issue a confirmation order within 60 days of receiving a proposal in the fast track scheme, it will be deemed that there are no objections, and the confirma-

tion order will be issued accordingly.

Also, where there are no objections to a fast-track merger proposal from Registrar of Companies and Official Liquidator within 30 days of filing of scheme, then the Centre will be bound to issue the confirmation order within 15 days after the ex-

piry of the said 30 days. Earlier, a timeline of 60 days was prescribed only for referring the matter to NCLT. However, if no objection was received, no timeline was prescribed.

POSITIVE STEP

Amit Aggarwal, Partner, Nangia & Co, said: "Overall, the amendment represents a significant step in India's corporate restructuring arena. These amendments are poised to revolutionise the mergers and amalgamations process, enhance efficiency and expediency. However, it is imperative to note that these changes remain inherently restrictive in nature, focusing primarily on schemes that uphold public interest."

Yashojit Mitra, Partner, Economic Laws Practice,

said the objective of the recent notification, seems to be positive.

"It is clearly identifying timelines within which the government needs to take action. The good part is that there is a deeming provision. We will still have to wait and see how it is implemented out in the real world but it is definitely a positive step," Mitra said.

It may be recalled that Section 233 of the Companies Act, 2013 provides a simplified procedure for Merger and Amalgamation of certain companies wherein these companies need not follow the lengthy and complicated procedure as provided under Sections 230 to 232 of the Act. This is called "Fast Track Merger" and Section 233 was notified by the MCA on December 7, 2016.