



Ministry of Corporate Affairs



MCA approves withdrawal of another 7,338 prosecutions pending before various courts under Special Arrears Clearance Drive-II towards promoting Ease of Doing Business and decriminalisation of compoundable offences under Companies Act, 2013

Withdrawal will lead to 21.86% reduction in pending prosecutions being pursued by Central Government

Prosecutions related to serious non-compoundable offences such as cheating, fraud, acceptance of deposits, pending charges, etc. not considered for withdrawal

Earlier in 2017, Special Drive-I resulted in withdrawal of 14,247 prosecutions

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In firm commitment towards its objective of promoting Ease of Doing Business and in furtherance of decriminalisation of compoundable offences under the Companies Act, 2013, the Central Government through the Ministry of Corporate Affairs (MCA) has taken a decision under its Special Arrears Clearance Drive-II to withdraw another 7,338 prosecutions, which have remained pending before various courts.

This would be a significant decrease of 21.86% in the pending prosecutions being pursued by the Central Government. The Government's "Action Plan for Special Arrears Clearance Drives" for reducing the number of pending litigations had previously resulted in withdrawal of 14,247 prosecutions during the Special Drive-I in the year 2017.

The MCA had constituted a committee to undertake a thorough review of all the pending litigations. Long pending Prosecutions for compoundable offences have been identified for withdrawal. **Prosecutions related to serious non-compoundable offences such as cheating, fraud, acceptance of deposits, pending charges, etc. have not been considered for withdrawal. This decisive step will also unclog the courts as well as foster the growth of corporate sector in India, while maintaining a healthy corporate governance framework.**

The cases being withdrawn under the Special Drive-II are corollary to the amendment brought out by the Government vide the Companies (Amendment) Act, 2020 for decriminalisation of offences under the Companies Act, 2013 to facilitate the smooth functioning of businesses as well as minimise lengthy litigations before courts.

Besides, it is also part of the principle that the Central Government should not be a compulsive litigant, that these drives are being undertaken.

PPG/KMN

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