

## Chapter 17

### COMPANIES

Companies, corporates, industries and other such terms are often used to refer to economic entities largely pertaining to the organised sector. Company comes into existence only when it has been registered after completion of all formalities required by the Indian Companies Act, 1956. A company has its own separate existence independent of its members. It means that a company can own property, enter into contracts and conduct any lawful business in its own name. It can sue and can be sued by others in the court of law. The shareholders are not the owners of the property owned by the company. Also, the shareholders cannot be held responsible for the acts of the company. Further, a company continues to exist as long as it fulfils the requirements of law. It is not affected by the death, lunacy, insolvency or retirement of any of its members. Companies have democratic management and control. Normally, the shareholders elect representatives from among themselves known as 'Directors' to manage the affairs of the company.

**17.1 Ministry of Corporate Affairs** maintains information on performance of corporate sector. Entities (called as companies) registered under Companies Act 2013, are registered with **Registrar of Companies** operating in each state. The companies are mandated to file their Annual Returns in the form of pdf files along with certain basic parameters of balance sheet and profit and loss account through e form which populates the database of financial parameters maintained by Ministry of Corporate Affairs. Earlier, the companies used to file the Annual returns in Hard copies but the same has been discontinued since 2006.

**17.2** The data on corporate sector flows to the Ministry of Corporate sector as an **administrative by-product**. The information maintained includes that on newly registered companies- state wise, sector wise & type of company wise; information on financial performance of company through Annual Returns (pdf/XBRL) and e- forms including information on parameters like asset & liabilities, sales, income, profit etc; information on companies struck off/ liquidated etc.

**17.3 Reserve Bank of India:** The information pertaining to banking companies is also maintained by the Reserve Bank of India (such companies also being regulated under Banking Regulation act 1949). The RBI makes available the requisite data based on its studies on company finances. The RBI studies are based on a sample of large companies (about 3000) and the analysis is undertaken separately for public limited companies and private limited companies.

**17.4 The Annual Survey of Industries (ASI)** of the Central Statistics Office (CSO), Ministry of Statistics and Programme Implementation covers only the manufacturing industries and units employing 10/20 workers with/without power. Therefore, this coverage is independent of the definition of corporate sector. There could be units which are in the corporate sector but not covered in ASI and vice-versa. Thus, there may be units covered under ASI but not in corporate sector (proprietary and partnership firms).

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**Source & References :**

- Ministry of Corporate Affairs.