

# Six-year high: Over 90,000 new firms registered with MCA in H1 2022

Services sector accounted for the most registrations, followed by manufacturing

## DATA FOCUS

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Chennai, August 24

In a sign that the economy is well on its road to recovery, new company registrations were at record high in the first six months of this calendar year. Services sector accounted for the most new registrations, followed by manufacturing.

According to the Ministry of Corporate Affairs, a total of 90,051 companies were registered across the country between January and June 2022 — clocking a 15 per cent increase compared to the year-ago period (78,533 registrations). Surprisingly, around 47,784 new companies registered themselves in the Covid-hit 2020.

The number of company closures was also quite high in the first half, with 59,560 firms downing their shutters in this period. This is five-fold higher than the 9,563 companies that closed down in H1 2021. A total of 8.47 lakh companies are closed in India currently, and 7,041 are under liquidation.

### Staying afloat

The spike in company registration may not necessarily be a positive sign, said Nagaraj Krishnan, MD, Aparajitha Corporate Service. A lot of new start-ups are coming up, he said, adding that the spike could also be because of the introduction of GST and the digit-

alisation of the economy. "For instance, if I have to take input credit, I have to make my company compliant. I have to deal with a vendor who is GST compliant. Because of this, there is a compulsion for a lot of companies to get into the compliance bracket. And so, there is a formation of a lot of companies, which is reflected in the GST contribution," he explained, adding that the trend may go up for the next five years.

On the closure of companies, Krishnan has a similar view — instead of bringing an existing company into the compliance bracket, entrepreneurs end up registering a new company.

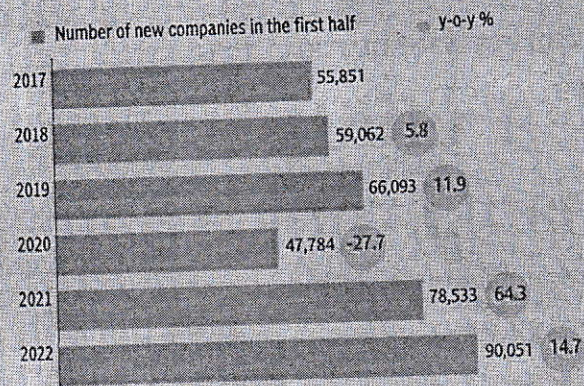
### Who's active?

As of June 30, a total of 23.6 lakh companies were registered in India. However, only 14.8 lakh of them (63 per cent) are active. However, this is 1 per cent higher than the number of active companies in May 2022.

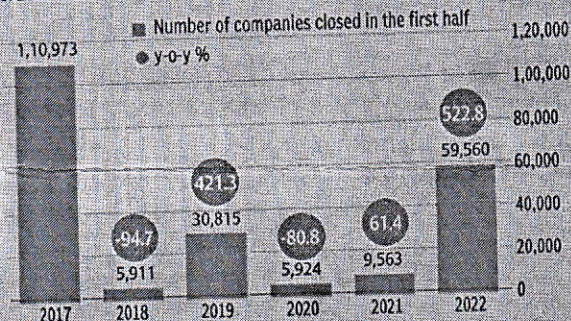
"Economic sector-wise classification (NIC-2004) reveals that Business Services has been the bright spot throughout the year and has the highest number of active companies (30 per cent) followed by Manufacturing (21 per cent), Trading (13 per cent) and Community, Personal and Social Services (9 per cent)," the MCA's June monthly bulletin notes.

While 70,432 of the active companies are public, 14.1 lakh of them are private companies. Almost 20 per cent of the active companies in the country are located in Maharashtra — 2.8 lakh; followed by Delhi with 2.24 lakh active companies and West Bengal with 1.3 lakh. However, less than 60 per cent of the companies in these States are active. Also, in Tamil Nadu, almost half of the registered companies are not active.

### Rise in registration of new companies

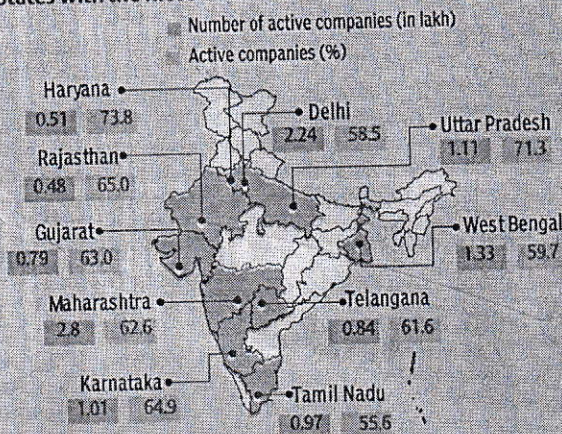


### Closures also increase



63% of the companies in the country are active, as of June 30, 2022

### States with the most number of active companies



Source: MCA Monthly Bulletins