

The season for compliance for the year 2008-09 has already begun. Professional friends need to be proactive during the season to prevail upon their client companies to file the Annual Returns and Balance Sheets without fail. The State of Andhra Pradesh does not have commendable rate of compliance as can be seen from the following statistics.

During the year 2006-07, 11204 companies filed Annual Returns as against 43415 companies which are required to file Annual Returns. Similarly, 11257 companies filed Balance Sheets as against 43335 companies which are required to file Balance Sheets. During the year 2007-08, 11983 companies filed Annual Returns as against 47321 companies which are required to file Annual Returns. Similarly 12613 companies filed Balance Sheets as against 47290 companies which are required to file Balance Sheets. The above statistics shows the compliance rate ranging from 25.80% to 26.67%. This does not compare well with the rate of compliance prevailing in developed countries. In U.K., the compliance rate is above 98% so also in Singapore. Even in countries like Newzeland, Australia etc. the compliance rate is above 90%. This is an area of great concern for the Regulator. The number of companies in Andhra Pradesh which have not filed Annual Returns and Balance Sheets continuously for the last five years are 23248 out of 45963 total number of active companies due for filing the Returns.

In this regard, professionals can play proactive role and educate their clients to improve compliance performance. The cost of compliance in India is very less vis-à-vis, other countries like Singapore, U.K. etc. The filing fee for both Annual Return and Balance Sheet amounts to only Rs.200/- if the Authorized capital is upto Rs.1 lakh. This is the lowest cost of compliance in the world. Despite such concession in fees, the companies do not have the desire to comply. The professionals have a responsibility to activate compliance right from the stage of incorporation of a company. I am confident that the professional friends will take this challenge seriously and help the Regulator as well as the public at large to achieve good corporate practice of compliance for the year 2008-09.

The Office of the Registrar of Companies continues to face the problem regarding approval of Form 20B (Annual Return). If the total number of shareholders are less, the company should incorporate the list of shareholders along with Form 20B itself, instead of filing a separate CD for List of Shareholders. There are instances where companies have filed CDs containing only twenty shareholders. This practice must be stopped. Moreover, the CDs submitted in the Registrar of Companies office should be formatted as per instructions given in the e-form i.e. it should be in PDF Format and not Excel sheet. The stakeholders must carefully study the instructions while uploading e-forms and ensure error free filing. ■