



கீர்தான அலாநாண்ட
கைத்தொழில் அமைச்சு
Ministry of Industries



Department of the
Registrar of Companies



Department of the Registrar of Companies

Performance Analysis Report

Department of the Registrar of Companies

1. Introduction

Main functions of the Department of Companies are implemented, regulated and operated through the Companies Act No. 7 of 2007, the Societies Ordinance, The Cheetu Ordinance No. 61 of 1935, The Public Contracts Act No. 3 of 1987 which are effective from 03rd of May 2007.

In the year 2017, it was focused to deliver the services of the department through online and as the first outcome of this attempt, incorporation of companies was started through online system and by now the department has become a government institution providing 24 hours online services through systems such as real time live , e ROC.

➤ **Vision and Mission of the Institution**

Vision

Develop and foster a trusted business environment by making available an effective regulatory regime capable of instilling a culture of good governance covering the business sector in Sri Lanka.

Mission

The Department of the Registrar of Companies in accordance with the economic and trade policy of the Government of Sri Lanka endeavors to give a legal form to business and other institutions under the Acts administered by it and regulate their functions.

➤ **Objectives and Main Functions**

Objectives

Implementation, regulation and operation of main functions assigned by the department through following acts, and ordinances.

- The Companies Act No. 7 of 2007
- The Societies Ordinance - Chapter 123
- The Cheetu Ordinance No. 61 of 1935
- The Public Contracts Act No. 3 of 1987

Main functions

- Incorporation of private companies, public companies, companies limited by guarantee, unlimited companies, and listed companies.
- Registration of foreign companies and offshore companies, societies, public contracts, mortgages, negative papers, auditors and company secretaries.
- Registration of relevant documents to update information of companies and societies as per Companies Act and Societies Ordinance.
- Liquidation and dissolution of companies
- Updating all information related to companies/associations
- Issuing copies of certificates, providing information to the public.
- Document verification.
- Collection and comparison of fees.
- Providing necessary information, certified copies and providing necessary support to government and non-government organizations.

Targets

- ❖ Introduction of “Electronic Signature”.
- ❖ Simplifying the process of registering a company.
- ❖ Simplifying the process of approving the company’s name.
- ❖ Registration of Offshore companies with the contact of investors reaching the commission of Port City Development.
- ❖ Introduction of the process of confirming the National Identity card.
- ❖ Expanding the approved cadre and filling up the existing vacant positions of the department.
- ❖ System Development of Beneficial Ownership
- ❖ Bringing forth an advanced business community through providing attractive services to ultimate investors and thereby strengthening the economy of the country.

Challenges

- ❖ With the gradual restoration of the economy of country, about 20,000 new companies are incorporated annually. However, the cadre of the department is not increased in proportion of the number of the said newly incorporated companies. Due to this situation providing efficient and expeditious service to the increasing number of companies has been a challenging task.
- ❖ Out of the cadre of 184 of approved positions, 48 positions which is almost one forth of the approved cadre remain vacant at present resulting in complexities in management of departmental tasks.
- ❖ The e – Roc system needs to be smoothly maintained with continuous updates. For this purpose, highly recognized accessories and services with a higher market price needed to be purchased expeditiously. However, the expenses to be borne for obtaining services for the optimal usage and maintenance of the e – Roc system has to be made in accordance with the governmental rules and regulation. Due to financial restrictions related to expenditures and the un avoidable time taken for allowing tasks, maintaining services with expensive standards and fulfilling urgent tasks which requires instant responses at the same time complying with the said rules and regulations, has become a huge challenge.
- ❖ As all the basic services of the department are provided under e –Roc online system, an Information and Technology Unit has been established for the regulation and updated maintenance of the said online process. And a cadre consisting of the posts of Director and Assistant Director of IT service, 03 officers of IT service and 06 IT assistants has been approved for this unit. However, in this department which provides its all services through a computer system, there are only one Assistant Director and 02 IT Assistant of IT service and all the other posts mentioned above remain vacant and these positions being vacant has become a bottleneck in the smooth functioning of the IT unit.
- ❖ Another challenge faced by us is that some people are not willing get accustomed with IT system and progressing efficiently amidst their negative conceptions and actions.
- ❖ Even though it is the government policy to integrate other government institutions with e – ROC system, due to those institutions having not developed to the desired level needed for such integration and some other institutions disliking it has become another major challenge.

2. Progress

Financial situation

Account of the Companies Fund

	2017	2018	2019	2020	2021	2022	2023
Total Revenue (Rs. Mn)	633.69	740.27	793.54	631.56	549.64	719.71	1015.61
Costs (Rs. Mn)	70.36	83.25	92.75	106.90	131.14	138.23	166.23
Surplus (Rs. Mn)	563.33	657.02	700.79	524.66	418.50	581.48	849.38

Accounts of the Consolidated Fund

	2017	2018	2019	2020	2021	2022	2023
Total Revenue (Rs. Mn)	232.96	163.76	299.45	399.87	179.45	166.78	244.20
Costs. (Rs. Mn)	52.95	69.17	77.37	82.94	78.46	85.07	176.93

Assets

	2017	2018	2019	2020	2021	2022	2023
Movable Assets (Rs. Mn)	2,297.50	1,440.93	1,256.47	85.17	74.63	152.81	533.19
Non Movable Assets (Rs. Mn)	2,243.38	3,782.36	4,695.73	6,389.49	6,877.42	8,019.99	8495.82

Liabilities

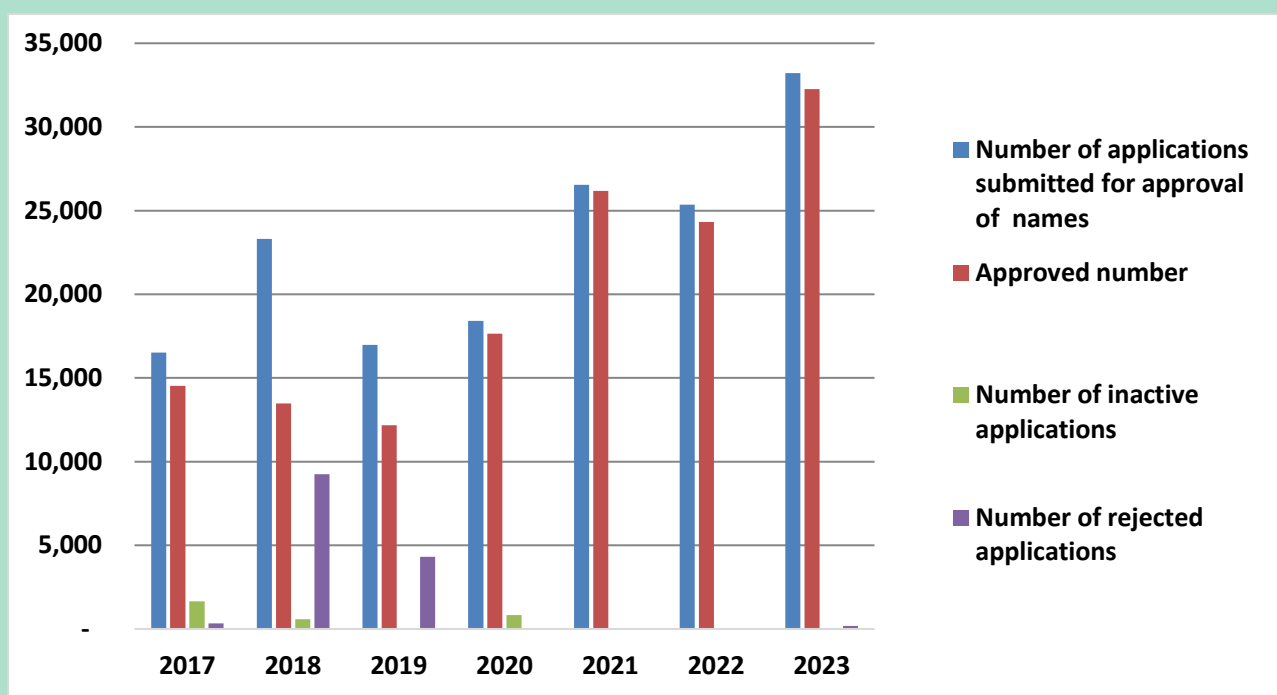
	2017	2018	2019	2020	2021	2022	2023
Movable liabilities (Rs. Mn)	30.14	5.25	17.78	14.76	69.67	86.38	146.78
Non Movable liabilities (Rs. Mn)	-	-	-	-	-	-	-

3. Analysis

i. Incorporation of Companies - Progress of applications - (2017-2023)

Description	Physical Progress						
	2017	2018	2019	2020	2021	2022	2023
Number of applications submitted for approval of names	16,512	23,304	16,967	18,412	26,534	25,352	33,223
Approved number	14,525	13,474	12,184	17,653	26,180	24,327	32,252
Number of Inactive applications	1,650	588	05	834	0	0	0
Number of Rejected applications	337	9,245	4,308	4	20	44	186

Progress of approved applications - (2017-2023)

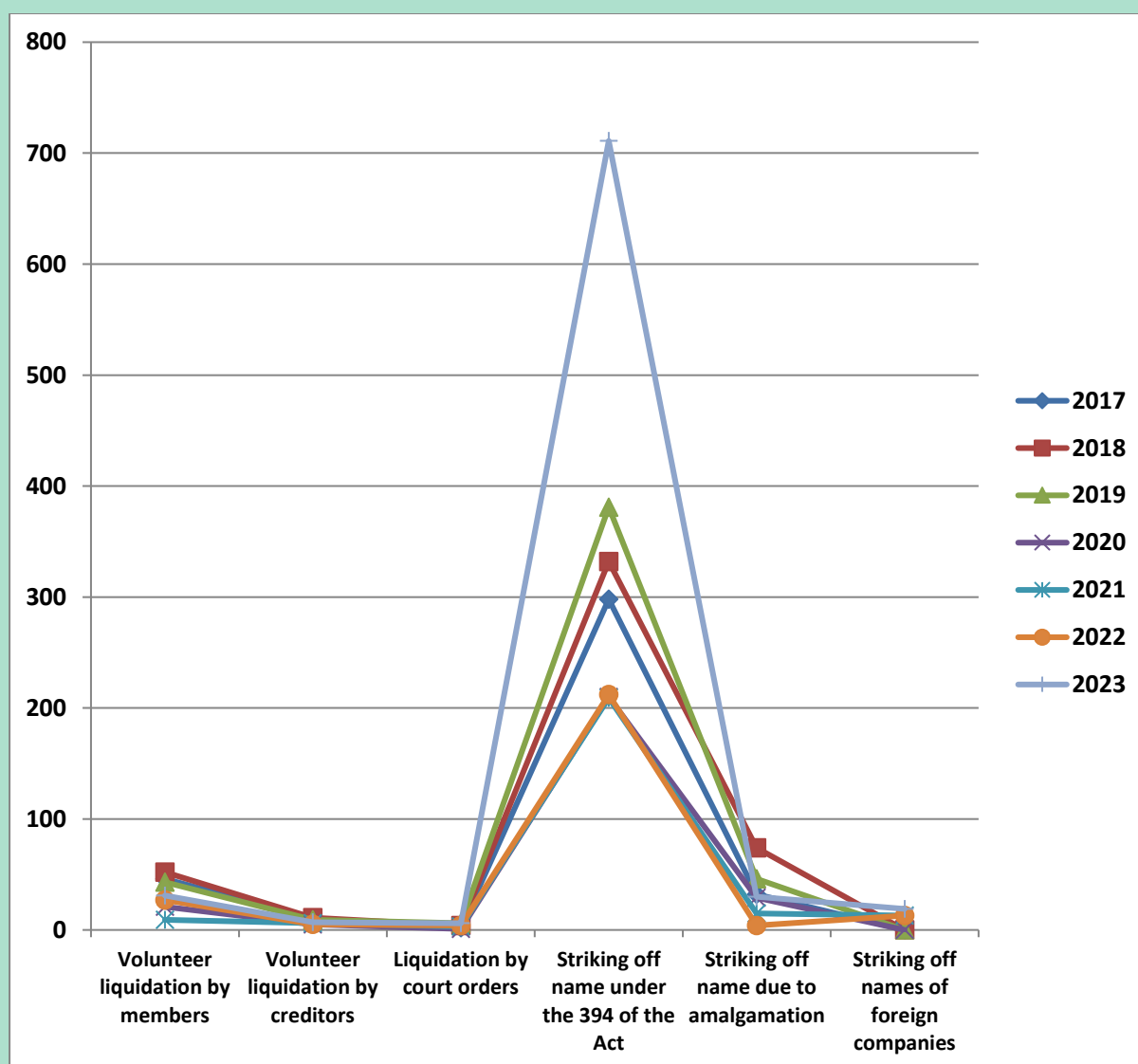


Note 1

As per note 1, number of applications submitted for approval of names, has progressed with a gradual increase and shown a decline in 2022 and again has increased in 2023. However, though the number of inactive application was 834 in the year 2020 and it has become a zero value after 2020.

ii. Dissolved and cancelled companies (2017-2023)

	2017	2018	2019	2020	2021	2022	2023
Volunteer liquidation by members	46	52	43	21	09	27	31
Volunteer liquidation by creditors	10	11	09	05	06	05	7
liquidation by court orders	02	04	06	01	03	04	6
Striking off name under the 394 of the Act	298	332	381	210	209	212	711
Striking off name due to amalgamation	32	74	46	29	15	4	30
Striking off names of foreign companies	388	0	0	0	13	13	19
Total	776	473	485	266	255	265	804



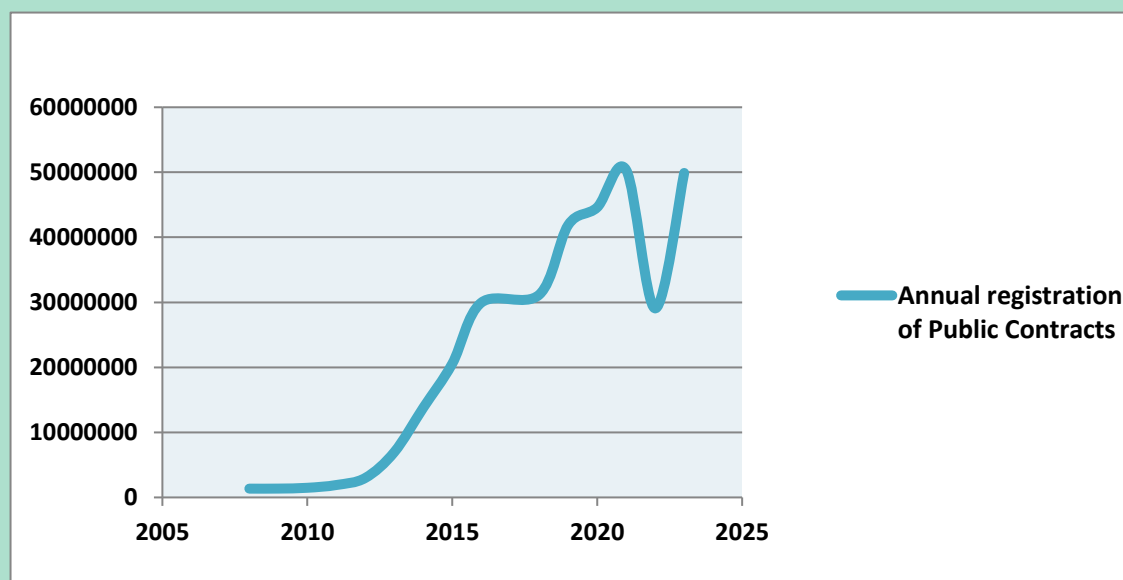
iii. Registration of Societies (2017-2023)

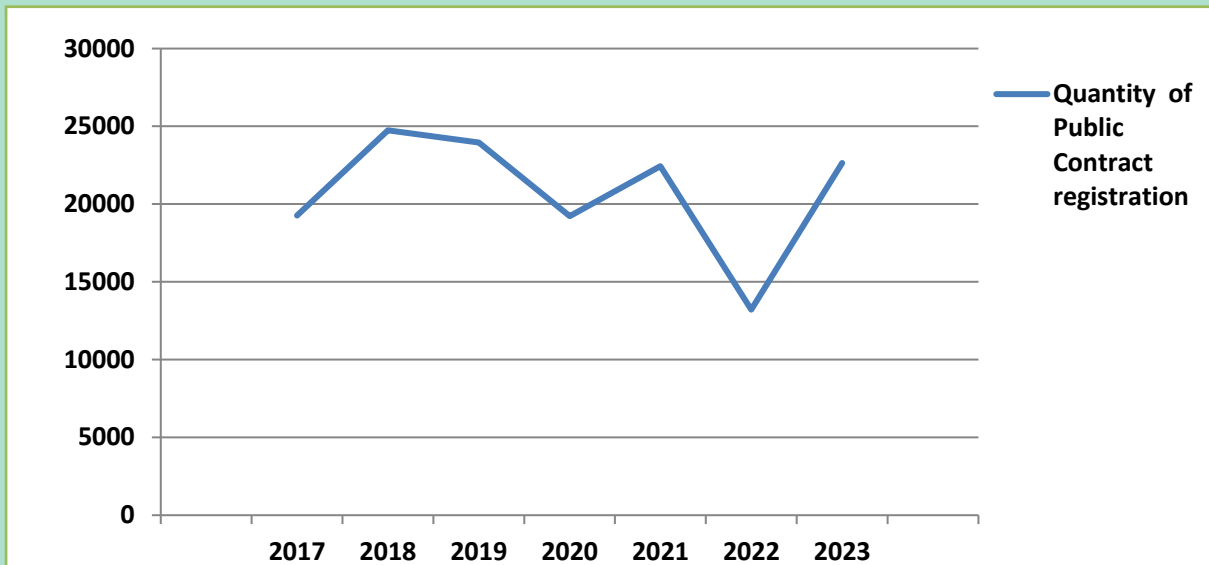
Type of the Society	2017	2018	2019	2020	2021	2022	2023
Temples	16	18	06	01	-	-	-
Sarvodaya	-	-	-	-	-	-	-
Mithuru Sanwardana	48	09	-	-	-	-	-
Isuru Sanwardana	-	-	-	-	-	-	-
Women's Societies	-	-	-	-	-	-	-
Rural Development	-	-	-	-	-	-	-
Graama Shakathi	-	1037	2431	98	01	-	-
Water	-	-	-	09	01	-	-
other (Welfare)	15	22	18	32	29	22	36
Community Development	-	-	-	-	-	-	01
To be registered	-	-	-	-	01	-	-
Total	79	1086	2455	140	32	22	37

i. Registration of Public Contracts (2017-2023)

Year	Quantity	Revenue (Rs.)
2017	19275	31,174,500.00
2018	24743	39,502,500.00
2019	23962	41,895,000.00
2020	19233	44,608,336.00
2021	22445	50,344,000.00
2022	13216	29,066,000.00
2023	22632	49,894,000.00

Registration of Public Contracts





4. Institutional observation on the current situation based on the above data and information.

- The economic downfall prevailed in the country during the period of 2022 and 2023 is symbolized through the application submitted for the dissolution of companies.
- However, despite the prevalence of the economic downfall at its peak during the period of 2022 and 2023, incorporation of companies has been accelerated.
- Number of registered companies in 2023 is 32,252 and it is an equivalent to the total of the registered companies in the three years of 2017, 2018 and 2019. Accordingly, it signifies a formation of entrepreneurs afresh.
- Due to the hard and fast financial restrictions introduced by the government in the hope of controlling its expenses, number of applications submitted for registration of public contract has shown a significant decrease up to 13,216 and the increase of the same up to 22,632 in the year 2023 indicates the relaxing of the said financial restrictions.
- Though the number of applications submitted to the department has increased by leaps and bounds, the cadre of the department has not been increased in proportion of this demanding situation. Amidst of such a situation, the dedication the present cadre reflected. If a suitable incentive scheme is not implemented before long continuing such commitment will not be easy.

5. Upcoming challenges and proposals for overcoming them

Upcoming challenges

- In the wake of the increasing number of companies, different service to be provided for such companies go up. Without a suitable cadre, providing quality and adequate services to these companies is a challenge.
- Issues arisen related to recruitment of staff officers due to government restrictions on making recruitments.

Proposals for overcoming them

- Getting the approve cadre of the institution increased and filling up existing vacancies
- Providing necessary trainings required for officers and development of attitudes.
- Making necessary system development for connecting online with other institutions.