

**GOVERNMENT OF INDIA  
MINISTRY OF CORPORATE AFFAIRS**

**LOK SABHA  
UNSTARRED QUESTION NO. 1914  
ANSWERED ON FRIDAY, THE 21<sup>st</sup> DECEMBER, 2018  
AGRAHAYANA 30, 1940 (SAKA)**

**REVIEW COMMITTEE ON COMPANIES ACT**

**QUESTION**

**1914. SHRI JAYADEV GALLA:**

**DR. P. VENUGOPAL:**

**Will the Minister of CORPORATE AFFAIRS**

**कारपोरेट कार्य मंत्री**

**be pleased to state:**

**(a) whether the Government proposed to amend the Companies Act and if so, the details of amendments proposed by the Government ;**

**(b) whether the Government also plans to make more amendments of urgent nature to the Companies Act including certain provisions regarding Corporate Social Responsibility (CSR) spending and if so, the details thereof;**

**(c) whether the Government has sought comments from stakeholders for proposed changes to the law and if so, the details thereof; and**

**(d) whether a Committee to review the penal offences under the Act had suggested various amendments to the law and if so, the details thereof?**

**ANSWER**

**MINISTER OF STATE FOR LAW AND JUSTICE  
AND CORPORATE AFFAIRS**

**(SHRI P. P. CHAUDHARY)**

**(श्री पी. पी. चौधरी)**

**विधि और न्याय एवं कारपोरेट कार्य मंत्रालय में राज्य मंत्री**

**(a) to (d):- On the basis of report of the Committee to review offences under the Companies Act, 2013 (CA-13), the Companies (Amendment) Ordinance, 2018 (9 of 2018) has been promulgated on November 2, 2018. The twin objectives of the Ordinance are promotion of ease of doing business along with better corporate compliance. The main amendments are as under:-**

- I. Shifting of jurisdiction of 16 types of corporate offences from the special courts to in-house adjudication. This is expected to reduce the case load of Special Courts by over 60%, thereby enabling them to concentrate on serious corporate offences. With this amendment, the scope of in-house adjudication has gone up from 18 Sections at present to 34 Sections of the Act.**
- II. The penalty for small companies and one person companies has been reduced to half of that applicable to normal companies.**
- III. Strengthening in-house adjudication mechanism by necessitating a concomitant order for making good the default at the time of levying penalty, to achieve the ultimate aim of achieving better compliance.**
- IV. Declogging the NCLT by:**
  - (a) enlarging the pecuniary jurisdiction of Regional Director by enhancing the limit up to Rs. 25 Lakh as against earlier limit of Rs. 5 Lakh under Section 441 of the Act;**
  - (b) vesting in the Central Government the power to approve the alteration in the financial year of a company under section 2(41); and**
  - (c) vesting in the Central Government the power to approve cases of conversion of public companies into private companies.**
- V. Other Amendments relate to re-introduction of provision pertaining to declaration of commencement of business; reduced time for filing documents related to creation and modification of charges; non-maintenance of registered office to trigger de-registration process; and holding of directorships beyond permissible limits to trigger disqualification of such directors.**

**After the promulgation of the aforesaid Ordinance on 2<sup>nd</sup> November, 2018, a public notice was placed on the website of the Ministry of Corporate Affairs on 5<sup>th</sup> November, 2018, eliciting public comments on amendments to 20 sections (including section relating to CSR spending) of the Companies Act, 2013. The last date of receiving comments from the public was 20<sup>th</sup> November, 2018. The comments were examined and it was decided that only the amendments suggested by the committee to review offences under the Companies Act, 2013 be carried out as of now.**

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