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Title: Introduction of the Companies (Amendment) Bill, 2020 (Motion adopted and Bill introduced).

COMPANIES (AMENDMENT) BILL, 2020\*

HON. SPEAKER: Item No. 17 – Hon. Minister.

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND MINISTER OF STATE IN THE MINISTRY OF CORPORATE AFFAIRS (SHRI ANURAG SINGH THAKUR): Sir, on behalf of my senior colleague, Shrimati Nirmala Sitharaman, I rise to move for leave to introduce a Bill further to amend the Companies Act, 2013.

**माननीय अध्यक्ष :** प्रस्ताव प्रस्तुत हुआ:

“कि कंपनी अधिनियम, 2013 का और संशोधन करने वाले विधेयक को पुरःस्थापित करने की अनुमति प्रदान की जाए ।”

SHRI BHARTRUHARI MAHTAB (CUTTACK): Sir, I rise to oppose the introduction of this Bill on three counts.

One is, being a Member of the Standing Committee on Finance in the last Lok Sabha, I can say that we had deliberated on this subject a number of times. I think, it was a unique privilege to go into the contents of the Bill in the last Lok Sabha twice because the amendments that were proposed by the Standing Committee were too large in

number. More than 100 amendments were proposed by the Standing Committee, and subsequently, the Government accepted some of them and also added some more. Then, 117 amendments came again to this House with the amendment of this Companies (Amendment) Bill. Subsequently, again, that Bill was referred to the Standing Committee.

After much deliberation, the Committee submitted its Report, and the Government also accepted all the recommendations of the Committee. Subsequently, I would like to mention here, that last year, again the Companies (Amendment) Bill was introduced, and again now, another amendment is being introduced today, which is of around 56-pages. It is a thick Bill.

Sir, the Government has sought to decriminalise, in this new Amendment Bill, certain offences and reduce penalties for other offences. The Government's argument is that they are promoting 'ease of doing business'. I have no quarrel with that. But I would like to ask whether this is an opportune moment for such steps. We have a large private bank that was about to fail, and is now being rescued. We have many companies in which promoters and other company officials have committed frauds with their companies to derive personal gain at the cost of the companies.

**माननीय अध्यक्ष :** बाकी आप बिल पर चर्चा के समय बोलें ।

...(व्यवधान)

SHRI BHARTRUHARI MAHTAB : Sir, I have two more points, and then I will conclude.

Now, with decriminalising offences under the Companies Act, and reducing penalties, will this not be in favour of such delinquent people, who will now find it easy to get away with lesser punishment?

My second objection is this. The Government is inserting a new chapter on producers' companies, which are essentially engaged in agricultural activities. The objective is to promote migration of farmers' cooperatives to companies' structure. I believe that this would be detrimental to the interests of farmers. While cooperatives, which are managed by farmers themselves, serve their mutual interest, companies on the other hand, are professionally run bodies where farmers will have very little say.

Sir, there is an apprehension among small and marginal farmers that they will not be able to compete with such producers' companies, and will become even more marginalised.

Sir, my third and last objection is this. We had an amendment of the Companies Act in July last year. In less than nine months, we had another amendment to that Act. We had two amendments – Insolvency and Bankruptcy Code – last year. Why is it happening that the Government has to bring amendments after amendments to these laws? Is it because there is an adhocism in approach? If these Bills were referred to the Standing Committee, a holistic view could be taken, and there would not have been any need to come to this House again and again.

I would, therefore, request the Government that this Bill be sent to the Standing Committee for a comprehensive examination of the matter.

PROF. SOUGATA RAY (DUM DUM): Sir, under Rule 72(1) of the Rules of Procedure and Conduct of Business in Lok Sabha, I beg to oppose the introduction of the Companies (Amendment) Bill, 2020.

It seems that the Government has set up a Committee consisting of representatives of the Ministry, Industry Chambers, professional institutes and legal fraternity on 18<sup>th</sup> September, 2019, and it is periodically giving recommendations, which the Government is bringing in the form of a law.

It seems to me that the Government is heavily influenced by the representatives of the Industry Chambers. Whatever they are saying, is good for 'ease of doing business', and it is being accepted.

As Mr. Mahtab very aptly pointed out, today, the CEO of Yes Bank, Rana Kapoor is in jail, in ED custody, for having defrauded his bank of crores of rupees about which the Government had not done anything.

Now, it is saying that this seeks to decriminalise certain offences under that increase of default. In other words, this law seeks to relax regulations for companies in the name of greater ease of living. The only thing I want to mention is that one of the great boons of the 2013 Companies Act was that it introduced the concept of the Corporate Social Responsibility. There are many companies which are not observing the Corporate Social Responsibility. Now, they have even relaxed the provisions with regard to the Corporate Social Responsibility and said that companies which have CSR spending obligation upto Rs.

50 lakh shall not be required to constitute the CSR Committee. This is lightening and relaxing the corporates in the name of 'ease of doing business'. The corporates, in turn, are hoodwinking the public. They are taking the people for a ride and doing all sorts of malpractices. We have not forgotten Satyam Computers yet. So, some strict provisions should be there in the Companies Law. That is what I feel.

SHRI ADHIR RANJAN CHOWDHURY (BAHARAMPUR): Sir, under Rule 72 of Rules of Procedure and Conduct of Business, I do stubbornly oppose the introduction of this Bill under the nomenclature of the Companies (Amendment) Bill.

The fact is that during the UPA regime, the Bill was enacted but this Government, after various amendments, is trying to decriminalise several offences specified under the Act. The Government is bringing in as many as 75 amendments. You yourself are witnessing the robust Bill which consists of 69 clauses. It is an omniferous legislative document which needs to be perused and scrutinised by the concerned Standing Committee without any hesitation in order to have a holistic view of this Act. The Government seems to have been growing a devilish infatuation with the corporate world. They are trying to decriminalise the corporate sector only to plunder and loot the country with impunity. So, we can simply say that this Government could be recognized by the corporate, for the corporate, of the corporate.

Sir, I am very much in agreement with Sougata Ray ji that companies that have to spend less than Rs. 50 lakh on CSR, now, do not require to set up any committee. सीएसआर के मुद्दे पर हम सदन में बहुत चर्चा करते हैं, लेकिन बहुत-सी कम्पनियाँ सीएसआर के नियम को फॉलो नहीं करती हैं, जिसे हम लोगों ने कारपोरेट सोशल रेस्पॉसिबिलिटी कानून के जरिए

बनाया था । Now, this Government has been diluting the CSR regimen in order to facilitate the corporate sector to further exploit the common people of our country. That is why, the Government has been offering the opportunity under the rubric of ‘ease of living life, ease of doing business’. These are nothing but to appease the corporate sector. The Government is an appeaser of the corporate sector. Recently, the Yes Bank has been termed as ‘No Bank’. Nowadays, ‘know your customer’ could be changed to “know your bank”. It is because banks are getting collapsed one after another due to the indulgence being offered by this Government. That is why, I am again stubbornly opposing the introduction of this Bill.

SHRI ANURAG SINGH THAKUR : Thank you Speaker Sir. Three senior Members have raised their opposition to the introduction of the Bill.

SHRI BHARTRUHARI MAHTAB : Sir, I have a suggestion. ...  
(Interruptions)

SHRI ANURAG SINGH THAKUR : Thank you for the suggestion. We have always seen that you are making good suggestions. But I would welcome your suggestion if you present your suggestions during the debate, discussion and the passing of the Bill.

Let me say a few lines. Three senior Members have raised a question that decriminalising will help the corporates. Let me go into the details one by one. I would also like to tell why this Bill is very important to be introduced and later on discussed and passed.

Sir, this Bill seeks to decriminalise minor procedural and technical defaults which do not involve fraud or injury to the public interest. It is going to reduce the burden on the NCLT for compounding of offences and the criminal court where the prosecutions are today filed for those minor defaults. We could see the number of cases pending in these courts.

Members have also talked about the ease of living. The ease of living related changes will aid law-abiding companies in the country. The shifting of section of Companies Act, 1956 to Companies Act, 2013 is necessary as dedicated law has not yet been formulated for Producers companies and it would extend the benefit which are applicable till now to the smaller companies and One-Person Companies to the Producer Companies and start-ups.

We are not decriminalising any non-compoundable offences which deal with frauds. We oppose the reference to the Standing Committee. There are only technical and procedural defaults which are being decriminalized. So, we are not reducing the CSR obligations but only easing the procedural requirements.

On CSR, I would like to remind that in the 15<sup>th</sup> Lok Sabha, I was the then Member of the Finance Committee along with Nishikant Ji and Bhartruhari Mahtab Ji. It was our recommendation that the CSR should be part of the Companies Act at that time and the Government brought it hurriedly when they were on the way of going out of power. That is why, time and again, amendments were required. What kind of environment do we want to see in this country? Do we want to criminalize everything?

Sir, as I said earlier, this is the second phase of decriminalisation process which we have started through the Companies Amendment Bill, 2019. The Companies Act, 2013 had been passed in the year 2013 where a number of technical and procedural defaults have been criminalised.

We are not decriminalizing any provision which deals with fraud, injury to public interest or non-compoundable offences. ...  
(Interruptions) I think we can discuss that in detail later.

CSR obligations are not being diluted. Only procedure is being eased. We have already made CSR spending mandatory in the Companies (Amendment) Bill, 2019. The issue is that our Government is committed towards ease of doing ethical business and ease of doing honest business which is very important.

We would like to adopt a balanced approach on this issue wherein businesses are accorded due respect and faith. It is not only I but also our hon. Prime Minister has said that we should give due respect to the taxpayers and not put criminal cases time and again.

I think there should be a conducive environment where the industry should grow and generate employment. These amendments are very important if India has to become a five-trillion dollar economy.

I would request all the Members to help us to introduce this Bill and later on, discuss and pass the Bill.

**माननीय अध्यक्ष:** प्रश्न यह है:

“कि कंपनी अधिनियम, 2013 का और संशोधन करने वाले विधेयक को पुरःस्थापित करने की अनुमति दी जाए ।”

प्रस्ताव स्वीकृत हुआ ।



**माननीय अध्यक्ष:** माननीय मंत्री जी, विधेयक को पुरःस्थापित करें ।

SHRI ANURAG SINGH THAKUR: Sir, I introduce the Bill.

SHRI KALYAN BANERJEE (SREERAMPUR): Sir, with your permission, I want to point out a very sensitive thing. All over the country, now the breeding grounds of corruption are the Debt Recovery Tribunal and the National Company Law Tribunal. Sir, through you, I would request the hon. Ministers to set up Vigilance Departments everywhere. Too much of corruption is going on. The representatives of judges are coming to the clients for negotiation one day before the hearing. Too much is going on.

SHRI MANISH TEWARI (ANANDPUR SAHEB): Mr. Speaker, Sir, I would like to second that. He is absolutely correct on that. It is a very serious issue. ...(*Interruptions*)

**माननीय अध्यक्ष:** मैं सभी माननीय सदस्यों से आग्रह करूंगा कि इस अविलम्ब लोक महत्व के विषय में लिस्ट के अतिरिक्त मैं माननीय सदस्यों को समय दे रहा हूं और अवसर भी दे रहा हूं, लेकिन एक मिनट से ज्यादा का समय नहीं मिलेगा । क्या सदन सहमत है?

**अनेक माननीय सदस्य:** सर, हां ।