

**GOVERNMENT OF INDIA
MINISTRY OF CORPORATE AFFAIRS**

**LOK SABHA
STARRED QUESTION NO. 243
ANSWERED ON MONDAY, AUGUST 07, 2023
SARAVAN 16, 1945 (SAKA)**

**DECRIMINALISATION OF COMPOUNDABLE OFFENCES UNDER
COMPANIES ACT, 2013**

QUESTION

***243. SHRI ANIL FIROJIYA:**

**Will the Minister of CORPORATE AFFAIRS
be pleased to state:**

(a) the details of the manner in which the Government is working to clear its pending cases by taking steps towards decriminalizing compoundable offences under the Companies Act, 2013 and showing strong commitment to ease of doing business;

(b) whether any agreement has been signed between the Institute of Chartered Accountants of India and the Chartered Accountants of the Maldives; and

(c) if so, the details thereof?

ANSWER

THE MINISTER OF FINANCE & CORPORATE AFFAIRS

[SMT. NIRMALA SITHARAMAN]

(a) to (c):- A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO LOK SABHA STARRED QUESTION NO. *243 FOR ANSWER ON 07.08.2023.

(a) :- In keeping with the Government's objective of incentivizing compliance with law and providing greater ease of doing business to law abiding corporates, process of de-criminalization of technical & procedural violations under Companies Act, 2013 was carried out in phased manner. In the first phase, through the Companies (Amendment) Act, 2019, 16 compoundable offences under the Companies Act, 2013 were shifted to an In-house Adjudication Mechanism (IAM). A principle-based approach was adopted and only those violations which involved technical & procedural violations which could be objectively determined and did not involve any element of fraud, deceit, injury to public interest were decriminalized.

In the second phase, through the Companies (Amendment) Act, 2020, 35 more compoundable offences under the Companies Act, 2013 were de-criminalized. In addition, through this amendment, in case of 11 compoundable offences, provisions of imprisonment were removed and only fines were retained.

These amendments were based on the recommendations of the Companies Law Committee and are expected to significantly enhance the confidence of Indian companies on the Government's resolve to provide greater Ease of living & accord due respect to honest wealth creators in the country and reduce the burden on the criminal Justice system.

(b) and (c):- The Memorandum of Understanding (MoU) between the Institute of Chartered Accountants of India (ICAI) and the Institute of Chartered Accountants of Maldives (CA Maldives) has been approved by the Union Cabinet at its meeting held on 17th May 2023. The MoU signing ceremony is scheduled to be held on 20th August 2023 in Maldives during the sidelines of South Asian Federation of Accountants (SAFA) events being hosted by CA Maldives. The objective of MoU is to establish mutual co-operation for the advancement of Accounting Knowledge, Professional and Intellectual Development, advancing the Interests of their respective members and positively contributing to the development of the Accounting Profession in Maldives and India.
