

**GOVERNMENT OF INDIA
LAW , JUSTICE AND COMPANY AFFAIRS
LOK SABHA**

UNSTARRED QUESTION NO:567
ANSWERED ON:28.02.2000
CHANGES IN COMPANIES ACT AND CORPORATE LAWS
VENKATA KRISHNAM RAJU UPPALAPATI

Will the Minister of LAW , JUSTICE AND COMPANY AFFAIRS be pleased to state:

- (a) whether the Government have decided to bring certain changes in the Companies Act, 1956;
- (b) if so, the details thereof;
- (c) whether any committee has been set up to study the company insolvency laws and restructuring of the companies;
- (d) if so, the details thereof;
- (e) the time by which it is likely to submit its report;
- (f) whether there is any proposal to change various corporate laws also; (g) if so, the details thereof; and (h) the time by which all the proposed changes are likely to be implemented?

Answer

MINISTER OF LAW, JUSTICE AND COMPANY AFFAIRS (SHRI RAM JETHMALANI)

(a) & (b) : The Government has introduced the Companies (Second Amendment) Bill, 1999 in the Lok Sabha on 23rd December, 1999. This Bill contains urgent provisions on Corporate Governance and Investors Protection. This Bill is proposed to be passed in the current Session. Another Bill namely the Companies Bill, 1997 which was introduced in the Rajya Sabha on 14.8.97 stands referred to Department related Standing Committee on Home Affairs.

(c) and (d) : The Government on 22.10.99 has constituted a Committee consisting of experts to examine the existing law relating to winding up proceedings of companies in order to re-model it in line with the latest developments and innovations in the corporate law and governance and to suggest reforms in the procedure at various stages followed in the insolvency proceedings of companies to avoid unnecessary delays in tune with the international practice in this field. This Committee would examine and make recommendations with regard to:-

- (a) the desirability of changes in existing law relating to winding up of companies so as to achieve more transparency and avoid delays in the final liquidation of the companies.
- (b) the mechanism through which the management of companies will be conducted after the winding up of order is issued and the authority which will supervise timely completion of proceedings.
- (c) the rules of winding up and adjudication of insolvency of companies.
- (d) the manner in which the assets of the companies are brought to sale and the proceeds are distributed efficiently and

...2/- :: 2 ::

(e) a self-contained note on winding up of companies having regard to the Sick Industrial Companies (Special Provision) Act, 1985 and the Securities Contracts (Regulations) Act, 1956 with a view to creating confidence in the mind of investors, creditors, labour and other shareholders.

The Committee consists of:-

- (1) Shri Justice V. Balakrishna Eradi, Retired Judge of Supreme Court Chairman.
 - (2) Shri S. Ramaiah, former Secretary, Legislative Department Member.
 - (3) Shri Subodh Bhargava, Nominee of CII Member
 - (4) Prof. C.G. Raghavan, former Dean, Professor & Head of the Department of Law, Nagpur University Member
 - (5) Shri A.V. Sambhashiva Rao, Advocate, Vice-President, All India Bhartiya Majdoor Sangh Member
 - (6) Shri V.K. Bhasin, Legislative Counsel Member
 - (7) Shri G.M. Ramamurthy, Chief General Manager (Legal), IDBI Member
 - (8) Shri U.P. Mathur, Advocate Member
 - (9) Shri Shardul Shroff, Advocate, Delhi Member
 - (10) Shri S.B. Mathur, Director (Inspection & Investigation), Department of Company Affairs Member Secretary
- (e) The Committee will submit its report within a period of six months from the date of its first meeting.
- (f) & (g) A Committee has been constituted on 25.10.99 to examine the provisions of Monopolies and Restrictive Trade Practices Act, 1969 and to propose a modern Competition Law. The Committee is headed by Shri S.V.S.Raghavan. The Committee may give its

report by 31.3.2000.

(h) The changes in the Companies Act, 1956 depend upon the passing of the Companies (Second Amendment) Bill, 1999 and the Companies Bill, 1997 by the Parliament.

The Changes in Monopolies and Restrictive Trade Practices Act, 1969 depend upon the report of the Committee constituted to examine the provisions of Monopolies and Restrictive Trade Practices Act, 1969. Once the report is available with the Government, the Government would take steps to amend the Monopolies and Restrictive Trade Practices Act, 1969.