

**GOVERNMENT OF INDIA  
COMPANY AFFAIRS  
LOK SABHA**

STARRED QUESTION NO:52  
ANSWERED ON:03.12.2004  
REVISION OF COMPANIES ACT, 1956  
Pathak Shri Brajesh;Rawale Shri Mohan

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

- (a) whether the Government proposes to amend the Companies Act, 1956 and to bring in new Companies Act in its place;
- (b) if so, the details thereof and the reasons for amending the Act;
- (c) whether the Government has decided to constitute a Committee after eliciting the views of Federation of Industries, professionals institutions, banks and financial institutions on the concept paper for substituting the old Act with a new one in this regard;
- (d) if so, the details thereof;
- (e) whether corporate sector would be consulted before making changes in the Companies Act;
- (f) if so, the details thereof; and
- (g) the extent to which replacement of Companies Act would help in checking frauds committed by companies against investors?

**Answer**

MINISTER OF COMPANY AFFAIRS (SHRI PREM CHAND GUPTA)

(a) and (b) : To enable an appropriate framework and institutional structure for regulation of the Corporate Sector in tune with the emerging economic scenario, encouraging good corporate governance and protection of interests of the stakeholders and investors, including small investors, Government has decided to take up a comprehensive review of the Companies Act, 1956 with a view to revising the same.

(c) to (f) : With a view to ascertaining the views of various stakeholders, interested public, professionals and experts, a Concept Paper on Company Law was prepared and disseminated on the Ministry's website for 3 months. The Ministry is in the process of consultation with stakeholders on the basis of comments/suggestions received. An expert committee, comprising of representatives of industry associations, professional bodies, legal and other experts, has been constituted. Details are at Annexure.

(g) : The revamping of Companies Act would enable inter-alia strengthening of provisions relating to rights of investors/shareholders/depositors, registration, disclosures, financial reporting, directors responsibilities declarations, inspections, investigation and penalties, all of which would help in checking frauds by companies against investors.

**ANNEXURE**

EXPERT COMMITTEE

- 1. Dr. J. J. Irani - Chairperson
- 2. Shri Z. S. Negi, Addl. Secy, M/o Law - Nominee of Law Ministry
- 3. Shri K. N. Memani - Nominee of FICCI
- 4. Shri Anil Agarwal - Nominee of ASSOCHAM
- 5. Shri R. Seshasayee - Nominee of CII
- 6. Shri R. S. Adhukia - Nominee of ICAI
- 7 Ms. P. Malhotra - Nominee of ICSI

8. Shri T. P. Ghosh, Sr. Professor(Fin.) - Nominee of ICWAI  
MDI, Gurgaon

- 9. Ms. Kalpana Morparia - Rep. from Banks
- 10. Shri R. Parthasarthy - Rep. of FIs
- 11. Shri O. P. Vaish - Sr. Advocate
- 12. Shri Shardul Shroff - Sr. Advocate
- 13. Shri Jitesh Khosla, Jt Secy, MCA - Member Convener

Special Invitees to the Expert Group shall include:-

- 1. Shri M. M. K. Sardana, Member, MRTPC
- 2. Shri Bhagwat Swarup, Member, Income-Tax Settlement Commission
- 3. Shri S. Batra, Insolvency Expert
- 4. Shri R. S. Loona, Executive Director (Law), SEBI
- 5. Representative of D/o Banking, DEA, RBI & Others as may be decided from time to time.