

**GOVERNMENT OF INDIA
CORPORATE AFFAIRS
LOK SABHA**

STARRED QUESTION NO:90
ANSWERED ON:17.08.2007
NEW COMPANIES ACT
Bose Shri Subrata

Will the Minister of CORPORATE AFFAIRS be pleased to state:

- (a) whether the Government proposes to repeal the Companies Act, 1956 by bringing in a new Companies Act in its place;
- (b) if so, the details thereof and the reasons for repealing the Act; and
- (c) the extent to which the replacement of the Companies Act is likely to help in checking frauds committed by companies against investors?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF CORPORATE AFFAIRS (SHRI PREM CHAND GUPTA)

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

Statement annexed to the Answer to the Starred Question No 90 in the Lok Sabha on 17.8.2007

(a) to (c): The Government has taken up an exercise for comprehensive revision of the Companies Act, 1956 and preparation of a fresh Bill for legislation that would enable regulation of corporate entities in tune with the changing economic scenario, encourage good corporate governance including by self-regulation and enable protection of the interests of the investors and other stakeholders.

The legislative framework under consideration for incorporation in the proposed legislation is expected to check and prevent commission of frauds by companies by bringing about transparency in corporate operation through a better system of disclosures through e- governance, enabling greater responsibility and accountability on the part of corporate owners and management and through improved compliance of the law.