

**GOVERNMENT OF INDIA  
CORPORATE AFFAIRS  
LOK SABHA**

UNSTARRED QUESTION NO:1985  
ANSWERED ON:05.08.2010  
AMENDMENT IN COMPANIES ACT  
Chavan Shri Harischandra Deoram

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

- (a) whether the Government proposes to amend the Companies Act, 1956;
- (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 amendment in Companies Act help in checking frauds committed by companies against investors?

**Answer**

THE MINISTER OF CORPORATE AFFAIRS (SHRI SALMAN KHURSHID)

- (a) & (b) The Government has introduced the Companies Bill 2009 for regulation of the Corporate Sector by undertaking comprehensive revision of the Companies Act, 1956. The Bill seeks to encourage good corporate governance, transparent, responsible and accountable regulation with the shareholders participation and protection of interests of all the stakeholders.
- (c) to f) Companies Bill 2009 has been prepared on the recommendation of Expert Committee comprising of representatives of Industry Associations, Professional Bodies, Legal Experts, Banks and Financial Institutions and other stakeholders. Thus, the Government has made wide consultations with corporate sector and others before finalizing the Companies Bill 2009.
- (g) The amendments proposed in the Companies Act emphasizes on more disclosure norms, strengthening of enforcement mechanism and heavy penalty structure for non-compliance to reduce the possibility of frauds.