

**GOVERNMENT OF INDIA  
CORPORATE AFFAIRS  
LOK SABHA**

UNSTARRED QUESTION NO:3696  
ANSWERED ON:25.08.2011  
COMPANIES ACT  
Patel Shri Lalubhai

**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;
- (b) if so, the details thereof and the reasons therefor; 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**

THE MINISTER OF STATE IN THE MINISTRY OF CORPORATE AFFAIRS (SHRI R.P.N. SINGH)

(a) and (b) Keeping in view the developments taking place nationally as well as internationally and with a view to modernize the structure for corporate sector through enlightened regulation, a decision was taken to revise the existing Companies Act, 1956. On coming into force of the new Companies Bill, the existing Companies Act, 1956 will be repealed.

(c) The Companies Bill, 2009 seeks to provide stricter provisions for more effective enforcement action against companies involved in fraud. Provisions like initiating investigation by Central Government suo moto, allowing search and seizure during investigation without obtaining an order from Special Court, provision for freezing of assets of a company under investigation on the order of Tribunal have been provided. Besides, the Bill emphasizes disclosures, deterrent penalties and has extensive enforcement provisions.