

**Decriminalisation of provision of Companies Act**

2248. DR. PRABHAKAR KORE: Will the Minister of CORPORATE AFFAIRS be pleased to state:

(a) whether it is a fact that Government proposes to decriminalise a large part of the Companies Act in an attempt to let minor offenders move on with a monetary penalty;

(b) whether Government has constituted a Committee to identify areas where decriminalisation of provisions of Companies Act can be undertaken; and

(c) the details of the process of decriminalisation of provisions of Companies Act and the time-frame for incorporation in the Act?

THE MINISTER OF STATE IN THE MINISTRY OF CORPORATE AFFAIRS (SHRI P. P. CHAUDHARY): (a) to (c) The Ministry of Corporate Affairs regularly reviews the provisions of the Companies Act, 2013 (the Act) in order to effectively administer and monitor the implementation of various provisions of the Act. Accordingly, the Ministry has, on 13.07.2018, constituted a 10 member committee to review some of the Penal provisions under the Act. The objectives as well as the terms of reference of the said Committee are as follows:—

- (i) To examine the nature of all ‘acts’ categorized as compoundable offences viz. offences punishable with fine only or punishable with fine or imprisonment or both under the Act and recommend if any of such acts may be re-categorized as ‘acts’ which attract civil liabilities wherein the company and its officers in default are liable for penalty;
- (ii) To review the provisions relating to non-compoundable offences and recommend whether any such provisions need to be re-categorized as compoundable offence;
- (iii) To examine the existing mechanism of levy of penalty under the Companies Act, 2013 and suggest any improvements thereon;
- (iv) To lay down the broad contours of an in-house adjudicatory mechanism where penalty may be levied in a MCA21 system driven manner so that discretion is minimized;
- (v) To take necessary steps in formulation of draft changes in the law;
- (vi) Any other matter which may be relevant in this regard.

The move is likely to lessen the burden on Special courts in the country, so that serious offences are more effectively pursued to finality.