

PRESS RELEASE - 01/2018

No. 2/1/2018-CL.V

Dated the 13<sup>th</sup> day of July, 2018

Ministry of Corporate Affairs

The Press Information Officer, Press Information Bureau, Ministry of Information and Broadcasting, with the request that the above mentioned Press Note may be given wide publicity.

  
(Gyaneshwar Kumar Singh)

Joint Secretary to the Government of India

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## Press Release

A need has been felt that offences under the Companies Act, 2013 may be required to be decriminalized and handled in an in-house mechanism, where a penalty could be levied in instances of default. This would also allow the trial courts to pay more attention on offences of serious nature. Consequently, it has been decided that the existing compoundable offences in the Companies Act - 2013 viz. offences punishable with fine only or punishable with fine or imprisonment or both may be examined and a decision may be taken as to whether any of such offences may be considered as 'civil wrongs' or 'defaults' where a penalty by an adjudicating officer may be imposed in the first place and only consequent to further non-compliance of the order of such authority will it be categorized as an offence triable by a special court.

2. It is also required to be seen as to whether any non-compoundable offences viz. offence punishable with imprisonment only, or punishable with imprisonment and also with fine under the Companies Act, 2013 may be made compoundable

3. In view of the above, it has been decided that a Committee for review of the penal provisions in the Companies Act, 2013 may be setup to examine 'decriminalization' of certain offences therein, under the Chairmanship of Secretary, MCA as per the following constitution:

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| (1) | Secretary, Ministry of Corporate Affairs                                      | Chairperson |
| (2) | Shri T.K. Vishwanathan, Former Secretary General Lok Sabha and Chairman, BLRC | Member      |
| (3) | Shri Uday Kotak, MD, Kotak Mahindra Bank                                      | Member      |

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|------|---|------------------|
| (4)  | Shri Shardul S Shroff, Executive Chairman Shardul Amarchand Mangaldas & Co. | Member           |
| (5)  | Shri Ajay Bahl, Founder Managing Partner, AZB & Partners                    | Member           |
| (6)  | Shri Amarjit Chopra, Senior Partner, GSA Associate                          | Member           |
| (7)  | Shri Arghya Sengupta, Vidhi Centre for Legal Policy                         | Member           |
| (8)  | Shri Sidharth Birla, Former President, FICCI                                | Member           |
| (9)  | Ms. Preeti Malhotra, Partner and Executive Director of Smart Group          | Member           |
| (10) | Joint Secretary (Policy), Ministry of Corporate Affairs                     | Member-Secretary |

3. The Committee shall submit its report within thirty days to the Central Government for consideration of its recommendations.

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