



Ministry of Corporate Affairs

Company Law Committee recommends decriminalisation of compoundable offences under Companies Act

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The Company Law Committee, constituted by the Ministry of Corporate Affairs (MCA) vide order dated 18.09.2019, has submitted the first phase report to the Union Finance & Corporate Affairs Minister Smt. Nirmala Sitharaman on 18th November, 2019, proposing amendments in the Companies Act, 2013 for further decriminalising the offences under the said Act and to facilitate ease of doing business and ease of living.

This was stated by Shri Anurag Singh Thakur, Minister of State for Finance & Corporate Affairs, in a written reply to a question in Rajya Sabha today.

The Company Law Committee was constituted for examining and making recommendations to the Government on various provisions and issues pertaining to implementation of the Companies Act, 2013 and the Limited Liability Partnership Act, 2008 and other related matters.

The MCA has undertaken several reforms towards easing the business environment in the country by providing Ease of Doing Business to law abiding corporates, fostering improved corporate compliance for stakeholders at large and also to address emerging issues having impact on the working of corporates in the country.

The main recommendations of the Committee with regard to decriminalization of compoundable offences are as under:-

- a. Re-categorising 23 offences out of the 66 remaining compoundable offences under the Act, to be dealt with in the in-house adjudication framework wherein these defaults would be subject to a penalty levied by an adjudicating officer.
- b. Omitting, altogether, 7 compoundable offences; limiting punishment for 11 compoundable offences to only fine by removing provision for imprisonment and recommending that 5 offences be dealt under alternative frameworks;
- c. Reducing the quantum of penalties in respect of certain provisions, which were shifted to the in-house adjudication framework through the recently passed Companies (Amendment) Act, 2019;
- d. Retention of status-quo in case of the non-compoundable offences.

RM/DKS/KMN

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