

Ten-member panel to review penal provisions under companies law

FE BUREAU
New Delhi, July 15

THE MINISTRY OF Corporate Affairs (MCA) has constituted a 10-member committee to review the penal provisions under the companies law and examine decriminalisation of certain offences, a government

release said.

The committee will be headed by MCA secretary Injeti Srinivas. The members include Kotak Mahindra Bank MD Uday Kotak, former Ficci president Sidharth Birla, former Lok Sabha secretary general TK Vishwanathan, law firm Shardul Amarchand Mangaldas execu-

tive chairman Shardul S Shroff and AZB & Partners founder managing partner Ajay Bahl. The committee will submit its report to the government in 30 days, the release said.

The government “seeks to review offences under the Companies Act, 2013 as some of the offences may be required

to be decriminalised and handled in an in-house mechanism, where a penalty could be levied in instances of default,” the release said, adding that this would also allow trial courts to pay more attention to offences of serious nature.

According to the ministry, it has been decided that the exist-

ing compoundable offences in the Act – offences punishable with fine only or punishable with fine or imprisonment or both, may be examined.

“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 offi-

cer may be imposed in the first place and only consequent to further non-compliance of the order of such authority will it be categorised as an offence triable by a special court,” it said.

The panel will look at whether any non-compoundable offences – offence punishable with imprisonment only,

or punishable with imprisonment and also with fine under the Act, may be made compoundable. It will examine the nature of all 'acts' and recommend if any of such 'acts' may be re-categorised as 'acts' which attract civil liabilities wherein the company and its 'officers in default' are liable for penalty.