

No law perfect, new Companies Act provides for self regulation: MCA

New Act, which replaces the nearly six-decade-old legislation that governs corporates, was passed by the UPA govt

Stating that no law can be considered perfect, the Corporate Affairs Ministry has said the new Companies Act provides an opportunity for self-regulation and greater transparency.

The new Act, which replaces the nearly six-decade-old legislation that governs corporates, was passed by the UPA government.

The new government has proposed as many as 14 amendments to the Companies Act, 2013 after taking into account concerns from stakeholders. The proposed changes, however, could not be passed in the just concluded winter session of Parliament.

Over 60 per cent of provisions of the new law came into force from April 1 and the remaining ones are expected to be implemented in a phased manner.

In a handbook, which will be released soon, the Ministry of Corporate Affairs (MCA) has said the new law provides the corporate sector an opportunity for self-regulation, while mandating greater transparency and enhanced disclosures for improved compliance.

"While no law can be considered perfect, the Companies Act, 2013 is an attempt to modernise the earlier legal framework of 1956 by introducing features of good international corporate governance," it said.

The handbook provides a snapshot of activities done by the Ministry, including regulatory aspects.

"Of equal importance, the new legislation provides for protection of interests of investors, especially small and minority shareholders," it noted.

Citing the Companies (Amendment) Bill, 2014, the Ministry said such measures demonstrate commitment of the government to promote an effective, robust and transparent corporate governance regime.

The Bill, cleared by Lok Sabha earlier this month, would effect as many as 14 amendments, as part of efforts to make it more easier for companies to do business in the country. However, the Bill could not be passed in the Rajya Sabha.

To address concerns, the Ministry -- which is implementing the Companies Act -- has already notified 15 amendments to various rules and issued 45 clarifications.

(Business Standard)