

1. Snapshot - Timeline of Events in the enactment of Companies Act, 2013

- a. Government constituted an Expert Committee on Company Law under the Chairmanship of Dr. J. J. Irani on 2nd December 2004 to advice on New Companies Bill.
- b. The Committee submitted its report to the Government on 31st May 2005.
- c. Companies Bill 2008 was introduced on 23rd October, 2008 in the Lok Sabha to replace existing Companies Act, 1956.
- d. Dissolution of the 14th Lok Sabha, lead to lapse in Companies Bill, 2008.
- e. Ministry of Corporate Affairs introduced the Companies Bill, 2009 in the Lok Sabha on August 3, 2009.
- f. Bill referred to the Standing Committee on Finance (SCF) of the parliament for examination in September 09, 2009.
- g. Report of the SCF on Companies Bill introduced in the Lok Sabha on 31st August, 2010.
- h. In view of amendments made by recommendations made by SCF and suggestions of Stakeholders the Companies Bill 2009 was withdrawn by the Central Government.
- i. A fresh Companies Bill 2011 was introduced in Parliament on Wednesday, 14th December 2011.
- j. The Companies Bill, 2011 was referred to the Standing Committee on Finance on 5th January, 2012 after an objection was raised against it in Parliament.
- k. Based on the SCF's recommendations, the Bill was amended and introduced as the Companies Bill 2012.
- l. The Lok Sabha on 18th December, 2012 approved the Companies Bill 2012; but could not be placed in that session in the Rajya Sabha.
- m. In the Session of the Parliament Rajya Sabha passed the Bill on 8th August 2013.
The Bill received presidential assent on 29th August 2013 to become law i.e. (Indian) Companies Act, 2013 (2013 Act).

2. OBJECT OF ENACTMENT OF THE COMPANIES ACT, 2013:

- a. The Companies Act, 1956 had been enacted with the object to consolidate and amend the law relating to the companies and certain other associations. The said Act remained in force for over 55 years and had been amended several times. In view of changes in the national and international economic environment and expansion and growth of economy of our country, the Central Government after due deliberations decided to repeal the Companies Act, 1956 and enact a new legislation to provide for new provisions to meet the changed national and international economic environment and further accelerate the expansion and growth of our economy.
- b. The Companies Act, 1956 had been in need of a substantial revamp for quite some time, to make it more contemporary and relevant to corporate, regulators and other stakeholders in India. The promulgation of the new law is a step towards globalization and is a successful attempt to meet the changing environment and is progressive and futuristic duly envisaging the technological and legal developments. A comprehensive review of Companies Act, 1956 and introduction of a revised statutory framework in the form of a New Companies Bill has been considered essential to achieve the desired reform. While several unsuccessful attempts were made in the past to revise the then existing 1956 Act, there had been quite a few changes in the administrative portion of the 1956 Act.

- c. In the above backdrop, the review of the Companies Act, 1956 and drafting of a new Companies Bill was taken up by the government on the basis of a detailed consultative process. The government constituted an Expert Committee on company law under the chairmanship of Dr. J.J. Irani on 2nd December 2004 to make recommendations in respect of new company law. The Committee included representatives from concerned departments and ministries, professional institutes and trade bodies and individual experts as member or special invitees. The Committee deliberated extensively on various issues and submitted its report to the government on 31st May 2005. After considering the report of the Committee and other inputs received from time-to-time, the government took up the exercise of comprehensive review of the Companies Act, 1956.
- d. And for this purpose a Bill, namely, the Companies Bill, 2009 was introduced on August 3, 2009 in the Lok Sabha along with the 'Statement of Objects and Reasons' appended to the said Bill outlining its salient features.
- e. The said Bill was referred to the Parliamentary Standing Committee on Finance for examination and report and the Committee gave its Report on August 31, 2010.
- f. Subsequent to the introduction of the Companies Bill, 2009 in the Lok Sabha, the Central Government received several suggestions for amendments in the said Bill. The Parliamentary Standing Committee on Finance also made numerous recommendations in its Report. The Central Government has accepted in general the recommendations of the Standing Committee and also considered the suggestions received by it from various stakeholders.
- g. In view of large amendments to the Companies Bill, 2009 arising out of the recommendations of the Parliamentary Standing Committee on Finance and suggestions of the stakeholders, the Central Government decided to withdraw the Companies Bill, 2009 and introduce a fresh Bill incorporating therein the recommendations of Standing Committee and suggestions of the stakeholder. The new Companies Bill 2012 was approved by the Lok Sabha on 18th December 2012 and by the Rajya Sabha on 9th August 2013. The Bill received presidential assent on 29th August 2013 to become law i.e. the Companies Act, 2013. The Companies Act, 2013 has 470 Sections as against 658 Sections of Companies Act, 1956. The entire Act has been divided into 29 chapters. Many new chapters have been introduced, viz., Registered Valuers (ch.17); Government Companies (ch. 23); Companies to furnish information or statistics (ch. 25); Nidhis (ch. 26); National Company Law Tribunal & Appellate Tribunal (ch. 27); Special Courts (ch. 28). The 2013 Act is forward looking in its approach which empowers the Central Government to make rules, etc. through delegated legislation.
- h. The Companies Act, 2013 is the result of detailed consultative process adopted by the Government. The 2013 Act seems to be logically rearranged unlike 1956 Act wherein the provision was scattered all across the statute. However, substantial part of 2013 Act is governed via company rules (Rules) which are in process of being drafted and notified in due course.