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## Recast rush in company law

A STAFF REPORTER



Department of company affairs secretary Komal Anand (right) in Calcutta on Friday. Picture by Kishor Roy Chowdhury

**Calcutta, Feb. 4:** A bill to amend the companies act in the way the J. J. Irani panel has suggested will be moved in the monsoon session of Parliament this year.

This was disclosed by Komal Anand, secretary in the Union government's Department of Company Affairs. Speaking at an interactive session organised by the Indian Chamber of Commerce here today, she said Irani will submit his recommendations by the end of March.

Company affairs minister Prem Chand Gupta had said in November that he would present a bill on the revised companies act in Parliament before the end of June.

The final draft of the revamped act will be posted on the department's website soon for comments from all those who are affected by the law. A concept paper on the possible changes was brought out in August last year.

"The act of 1956 replaced a statute drawn up in 1913. Since then, it has been amended more than 20 times before it took its current form. The law has, indeed, become bulky, cumbersome and calls for enormous paperwork even for the small and private companies," said Anand.

The revised law aims to reduce procedural compliance and bring down the number of sections in it from 781 to 289. "A balance has to be struck between optimum compliance costs for companies and better disclosure standards to fulfil the twin objectives of good corporate governance and investor protection," Anand added.

"Our financial markets have witnessed some aberrations over the past few years in which the hard-earned money of investors were siphoned off by fraudulent companies. This has increased investors' preference for bank deposits. In the process, it is the growth of the capital market which has suffered," she said.

Anand cited the case of vanishing companies in the early nineties and the scam of 2001-02 as the incidents that pushed the Centre to take more steps to protect investors.

One of the ways in which it has done this is to set up a serious frauds office to uncover rip-offs and supervise prosecution. A non-government organisation has set up a website — [www.watchoutinvestors.com](http://www.watchoutinvestors.com) — to blow the whistle on the shenanigans of truant companies.

Anand said her department was trying to dovetail the provisions of Information Technology Act with those of the companies act.

DCA-21, a programme whose goal is to bring the Registrar of Companies online, has been launched. Tata Consultancy Services has been hired to get the initiative, which will cost Rs 341 crore, off the ground.