

Companies (Second Amendment) Bill, 2019

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Recently the Union Cabinet has approved the Companies (Second Amendment) Bill, 2019 to amend the Companies Act, 2013.

Key changes and its Significance

- The Amendment Bill, inter alia, **would enable the listing of Indian companies on stock exchanges in foreign jurisdictions.**
- The listing of Indian companies in foreign stock exchanges is expected to **increase the competitiveness of Indian companies** in terms of access to capital, broader investor base and better valuations.
- The Bill would **remove criminality under the Act in case of defaults which can be determined objectively and which, otherwise, lack the element of fraud** or do not involve larger public interest. This would also lead to further de-clogging of the criminal justice system in the country. The Bill would also further ease of living for law-abiding corporates.
- Earlier, the Companies (Amendment) Act, 2015 amended certain provisions of the Act to remove difficulties faced in the implementation of various provisions of the Act.

Who will finalize the listing?

The framework for enabling such listing under the foreign exchange and securities laws would be finalised by the Ministry of Finance in consultation with the Ministry of Corporate Affairs, Reserve Bank of India and the Securities and Exchange Board of India.