

**GOVERNMENT OF INDIA
MINISTRY OF CORPORATE AFFAIRS**

**RAJYA SABHA
UNSTARRED QUESTION NO. 1951
ANSWERED ON TUESDAY, THE 15th MARCH, 2016**

RELAXATION UNDER SECTION 42 OF COMPANIES ACT

QUESTION

1951. PROF. M.V. RAJEEV GOWDA:

Will the Minister of CORPORATE AFFAIRS be pleased to state:

- (a) whether there is any plan to relax the conditions laid down under Section 42 of the Companies Act to issue a private placement offer;
- (b) whether this is being done to ease norms to enable crowd funding for startups, if so, details thereof; and
- (c) whether there has been any assessment of the risks involved in easing these norms and if so, details thereof?

ANSWER

THE MINISTER OF CORPORATE AFFAIRS

(SHRI ARUN JAITLEY)

(a) to (c):- Companies Law Committee (CLC) constituted by Government to look into issues arising out of implementation of Companies Act, 2013 has in its report made recommendations to ease private placement procedures laid down under Section 42 of the Companies Act, 2013. Simplified procedures are recommended for all private placements irrespective of the type of company. The CLC had extensive consultations with stakeholders before giving its recommendations. The recommendations of the CLC have been accepted by the Government.
