CHAPTER - I
INTRODUCTION AND DESIGN OF THE STUDY

1.1 INTRODUCTION

The development of civilisation of human being is too old that progress of any country cannot be studied without the study of achievements made by human. At no stage of culture, man was completely free from the cares and problems of his daily life, and no stage of social life could overlook them beyond a certain point. He always faces a world of complex social problems. As a result he is perplexed beyond description. His thinking very often ends in confusion. As the time passed away, the process of development become popular and man spread his thought in every field, i.e., manufacturing, engineering, medicine, laws, accountancy, psychology, sociology, and education, etc. Afterwards, as everyone knows, the small scale industries were converted by large scale industries due to heavy industrialisation process in the country. According to this industrial revolution, the local markets converted into national and international markets. Significant changes in the structure and operations of the business units took place in nineteenth and twentieth centuries. The size of these was enlarged. So there is a consequent rise in the requirements of capital and managerial manpower, which the proprietorship and partnerships firms could not prove equal to challenges posed by the changing environments. Thus, the evolution of a new form of business organisation like the Joint Stock Company was, therefore, historical
necessity to remove all the drawbacks of the sole proprietorship and partnerships organisation. For a small business organisation, too at the choice of the company would be better, as this is the only form of business organisation which offers the privilege of limiting personal liability for business debts. Accordingly, the Company Law has become the most dominant form of business organisations.

1.2 GENESIS OF COMPANY LAW

“Company Legislation” in India owes its origin to the English Company Law. The Company Law in India is the cherished child of English parents born and brought up in England. The Companies Acts passed in India from time to time have been following the English Companies Acts with, minor changes here and there.

In London, the earliest business organisation during the eleventh and thirteenth Centuries were called the ‘merchant guilds’. These guild obtained charters from Crown mainly to secure for their members, a monopoly in respect of particular trade or commodity. In the fourteenth century, the word ‘Company’ was adopted by certain merchants for trading overseas. By the end of sixteenth century, Royal Charters granted monopoly of trade to members of the company over a certain territory. These companies were called ‘Regulated Companies’ for example, East India Company. In the seventeenth century the East India Company was established by the Royal Charter of Queen Elizabeth. The object was to share
profits of each voyage from its monopoly trade in far east\textsuperscript{1}. The characteristics of modern corporate bodies were clearly visible in the constitution and working of East India Company. In the charter of the company were named a Governor of the company, who was not different from modern day chairman of the Board of Directors and several committee members equivalent of present day directors. The Governor and the committee men were required to submit frequent reports on their important decisions for confirmation of General Courts of all subscribers of the company corresponding to the general meetings of the shareholders in the present day\textsuperscript{2}.

By the end of seventeenth century, all these companies or merchant guilds and many regulated companies, which the Crown had incorporated, meanwhile established permanent fixed capitals represented by shares, which were freely transferable and saleable. Consequently, the Bubble Act, 1720 was passed. Although the Bubble Act held up the development of capital market for a century, it did not destroy the unincorporated company. In 1834, the Trading Companies Act, was passed on the place of Bubble Act. In 1844, the Joint Stock Company Act was passed for the first time. In 1855, however, an Act of Parliament was passed called (Limited Liability Act, 1855). The Act was repealed within a few months. In fact, the English Companies Act, 1856, replaced both the Acts of 1844 and 1855. The history of Indian Company Law began with the Joint Stock

\textsuperscript{1} The Hutchison Encyclopaedia (1990), Rendom Century Group, p. 367.

\textsuperscript{2} Srinivasachari, E.S. (European Settlements). “History and Culture of the Indian People” Vol. 7, the Mughal Empire (1994) end note 5 to chapter XVI (p. 518) Bhartiya Vidya Bhawan, Mumbai.
Companies Act of 1850. In 1857, another Act was passed on the lines of the English Companies Act of 1855. The India Companies Act of 1860 extended the privilege to banking and insurance companies as well.

The first comprehensive Act was passed in 1866 in India and this Act was recast in 1872. This was amended in 1877, 1891, 1895 and 1910, after which we got a consolidated Act in 1913. In 1950, the Government of India appointed a Company Law Committee (Bhabha Committee) in England to report upon its working of Companies Act, and to suggest improvement. Its report was presented to Government in 1952, and Government, after studying the suggestions, passed a new ‘Companies Act, 1956’ which replaced the entire earlier Acts. The Companies Act, 1956 has been amended several times since then. The major amendments were introduced in the years 1960, 1962, 1963, 1964, 1965, 1966, 1967, 1969, 1974, 1977, 1985, 1988, 1991, 2000, 2001, 2002 and in 2003. The Companies Act is also not exhaustive of the whole of Company Law. It only amends and consolidates certain portions of Company Law.

The expression ‘Company Law’ may be defined as a branch of law governing the companies. It deals with all aspects relating to companies, such as incorporation of companies, allotment of shares and share capital, membership in companies, borrowings by companies, management and administration of companies, winding up of companies. Thus, the Company Law is that branch of law which exclusively deals with all matters relating to companies.
1.3 THE COMPANIES ACT, 1956

The Company Law, in India, is codified, and contained in THE COMPANIES ACT, 1956. This Act extends to the whole of India, and came into force on 1st April 1956. The Companies Act, 1956 is 150 years old and the largest Act in India comprising of 658 Sections and 15 Schedule. In addition thereto, there are various rules and regulations notified by the Government under the Act. The Act has been amended from time to time in order to address the issues raised by the corporate sector and to protect the interests of the investors.

The Companies Act, 1956 is the principal landmark legislation that governs companies in India. The Act prescribes provisions for protection of the interests of the investors, creditors and public at large but at the same time permits the management to utilize its resources for optimum results and prosperity. The corporate status of a business venture has led to the evolution of innovative culture in the field of economic development the world over. The various types of business talents and the bulk finance required for the marked growth of commerce and industry would not have been possible without the process of innovation conceived and practised through the corporate sector. Companies in our country have by and large played and are playing an important role in our industrial and economic development. Company is a juristic entity and a corporate citizen bearing a social responsibility towards the society in general.
Companies play a vital role in any economy. In our country, the Companies Act, 1956 primarily regulates the range of activities from formation to liquidation and winding up of companies. The Act prescribes regulatory framework for various aspects including organisational, financial and managerial aspects of companies. The winding up matters, presently are largely within jurisdiction of High Courts. Regulation of the corporate governance, structure and obligations of companies towards their stakeholders, statutory disclosure obligations, powers of inspection, investigation and enforcement and company processes such as mergers/amalgamations/arrangements/reconstructions, etc., constitute the main focus of the Act. In the functioning of corporate sector, along with freedom of operation of companies, protection of investors and shareholders are considered equally important. The Companies Act enables a statutory platform for essential corporate governance requirements essential for functioning of the companies with transparency and accountability, recognizing and protecting the interests of various stakeholders. The basic objectives underlying the Act are:

- A minimum standard of good behaviour and business honesty in company promotion and management.
- To help in the development of companies on healthy lines.
- To protect the interests of the shareholders.
- To safeguard the interests of the creditors.
- To equip the Government with adequate powers to intervene in the affairs of a company in public interest and as per the procedure prescribed by law.
• A fair and true disclosure of the affairs of companies in their annual published balance sheet and profit and loss accounts.

• Proper standard of accounting and auditing.

• A ceiling on the share of profits payable to managements as remuneration for services rendered.

• A check on their transactions where there was a possibility of conflict of duty and interest.

• A provision for investigation into the affairs of any company managed in a manner oppressive to minority shareholders or prejudicial to the interest of the company as a whole.

• Enforcement of the performance of their duties by those engaged in the management of public companies or of private companies which are subsidiaries of public companies by providing sanctions in the case of breach and subjecting the latter also to the more restrictive provisions of law applicable to public companies.

• To help in the attainment of the ultimate ends of the social and economic policy of the Government.

1.4 COMPANY LAW REFORMS - A PERSPECTIVE

In response to the changing business environment, the Companies Act, 1956 has been amended from time to time so as to provide more transparency in corporate governance and protect the interests of small investors, depositors and
debenture holders, etc. Company Law, has undergone major transformation in the last decade. The impetus for such transformation germinated partially from the world wide move for market oriented polices and partially by disquieting features of globalisation, resulting into focused attention on need for good corporate governance. The advancements in information technology and influence of faster means of communications over corporate operations have also provided impetus for such transformation. In other words, the paradigm shift witnessed in the global economy and corporate sector the world over, have cumulatively presented various issues that have triggered debate and become important factors for initiating changes in Company Law in our country and abroad.

The Companies Act, 1956 provides the legal framework for the administration of companies/corporate entities in India. The need for reviewing this Act was felt from time to time as the corporate sector grew in pace with the Indian economy, with as many as 24 amendments took place since 1956. In the midst of grave balance of payment, the Government of India in 1991 redrafted its economic policy to lead new era of deregulation, decontrol, liberalisation and global integration. Since then significant policies initiatives have been taken to provide stimulus to accelerated growth, industrial efficiency and global competitiveness. As a part of reform process, Government of India has initiated a number of legislative reforms and radical changes in Company Law.
Major amendments to the Act were made through Companies (Amendment) Act, 1988 after considering the recommendations of the Sachar Committee, and then again in 1998, 2000 and finally in 2002 through the Companies (Second Amendment) Act 2002, consequent to the report of the Eradi Committee. It is widely accepted that reform and updation of the basic legal framework for corporate entities is essential to enable sustainable economic reform. India took up its economic reforms programme in the 1990s. A need was felt for a comprehensive review of the Companies Act, 1956. Unsuccessful attempts were made in 1993 and 1997 to replace the present Act with a new law. Companies (Amendment) Bill, 2003 containing important provisions relating to corporate governance was also introduced, the consideration of which has been held back in anticipation of a comprehensive revision of the Company Law.

In the year 1996, a Working Group was constituted to re-write the Companies Act, to facilitate healthy growth of Indian corporate sector under a liberalized, fast changing and highly competitive and contestable business environment. Based on the Report prepared by the Working Group and taking into account the developments that had taken place in corporate structure, administration and the regulatory framework the world over, the Companies Bill, 1997 was introduced in Rajya Sabha on August 14, 1997 to replace the Companies Act, 1956. Since the Bill of 1997 was under consideration and an urgent need was felt to amend the Companies Act, the President of India promulgated the
Companies (Amendment) Ordinance, 1998 which was later replaced by the Companies (Amendment) Act, 1999 to surge the capital market by boosting morale of national business houses besides encouraging Foreign Institutional Investors (FIIs) as well as Foreign Direct Investment (FDI) in the country. The amendment of 1999 brought about number of important changes to tailor the Companies Act in consonance with the then prevailing economic environment and to further Government policy of deregulation and globalisation of economy.

The post reforms in Indian corporate sector have witnessed tremendous growth and expansion as a result of deregulation and procedural simplification of Company Law. The corporate India experienced multifaceted growth in terms of number, size, volume and extraterritorial reach. This growth can be gauged from the fact that with about 30,000 companies in 1956 when the Companies Act was enacted, India now (March, 2009) has the largest corporate base with over 9 lakh companies at work, which are spread throughout the country, and larger numbers of new companies are being incorporated every year. Today, the Indian corporate sector has spread its wings in other parts of the world also and even resorted to acquisitions abroad. The catalyst behind this growth has been Government’s commitment to provide growth oriented policy and regulatory framework for corporates. However, this corporate growth has been punctuated by incidences of corporate failures, securities scams, vanishing companies, mismanagement, growing shareholders dissatisfaction and unethical business practices. The Enron debacle and meltdown of certain once mighty US corporations have further
aggravated the situation and raised various issues of good corporate governance and attracted worldwide focus.

The corporate sector, with a view to ensure standardisation of accounting practices of financial reporting, the compliance of Indian Accounting Standards was made mandatory. Accordingly, National Committee on Accounting Standards was set up. Investor Education and Protection Fund was constituted to educate the investors to enable them to take well informed and considered investment decisions.

With a view to expedite the harmonisation process, the Companies Act was further amended in the year 2000 to provide certain measures of good corporate governance and for ensuring meaningful shareholders’ democracy in the working of companies. The amendments effected in the year 2000, included *inter alia* setting up of audit committee, introduction of postal ballot, abolition of the office of the Public Trustee, abolition of the concept of Deemed Companies, appointment of auditors in the Government companies directly by the Comptroller and Auditor General of India, restricting a person to become director in more than 15 companies, prohibiting an auditor to hold securities carrying voting rights, introduction of secretarial compliance certificate to ensure better compliance of Companies Act by smaller companies, deletion of redundant provisions relating to managing agents, secretaries and treasurers and increase in penalties by way of fine to ten-fold.
The reforms in Company Law have given an impetus to corporate governance framework and related issues, which are not only important for companies to gain credibility and trust but also as part of their strategic management for survival, consolidation and growth in the emerging knowledge economy. Directors/Company Secretaries are now encouraged to use the electronic media in a wider and cost-effective way to provide information beyond the mandatory disclosure. There are also strong influences of institutional investors, pressing for more transparency, accuracy, authenticity in corporate reporting and governance structures of companies they invest. The regulators are also keeping pace with the expectation of the capital markets with the reforms in regulation in order to enhance investor confidence.

The heart of corporate governance is transparency, disclosure, accountability and integrity. Legal and regulatory framework of corporate governance in India is mainly covered in SEBI guidelines and Companies Act, 1956. It is to be borne in mind that mere legislation does not ensure good governance. Good governance flows from ethical business practices even when there is no legislation. Corporate governance is not just a legal concept, it is a governance concept, and it is something which has to come from within. However, one cannot have abstract concepts applicable to corporate at large and there lies the need for a legislative framework.
In the past decade, India has undergone rapid industrialisation, transmitting phenomenal growth in the number and size of private and public limited companies. This dynamic economic development has, in turn called for the key role of directors and entrepreneurs in expanding the country’s economy. The reforms in Company Law, is aimed to facilitate and assist the process of economic growth in creating a robust enterprise system.

The Board of Directors play a pivotal role in ensuring good governance. The contribution of directors on the Board is critical to the way a corporate conducts itself. A board’s responsibilities are derived from law, custom, tradition and current practice. In the present times where transparency, disclosure accountability, issues of sustainability, corporate citizenship, globalisation are just some of the concerns of the corporate India, the Boards today have to respond to the explosive demands of the society. The contribution of directors on the Board of companies is critical for ensuring appropriate directions with regard to leadership, vision, strategy, policies, monitoring, supervision, accountability to shareholders and other stakeholders, and to achieving greater levels of performance on a sustained basis as well as adherence to the best practices of corporate governance. This two dimensional role of the Board of Directors is cornerstone in evolving sound, efficient, vibrant and dynamic corporate sector alive to the persistent strive for attaining role models of high standards in integrity, transparency, code of conduct, accountability as well as the social responsibility.
1.5. COMPANY LAW ADMINISTRATION

The present set up dealing with Company Law Administration, directly or indirectly, at various stages provides for various administrative authorities and they are enumerated below:

**The Central Government (Section 637)**

The Central Government is the supreme authority responsible for the administration of Company Law. The Companies Act is administered by the Central Government through the Ministry of Corporate Affairs and the Offices of Registrar of Companies, Official Liquidators, Public Trustees, Company Law Board, Director of Inspection, etc. The Registrar of Companies (ROC) monitors the task of incorporation of new companies and the administration of running companies.

The Ministry of Corporate Affairs, earlier known as Department of Corporate Affairs under Ministry of Finance, is primarily concerned with administration of the Companies Act, 1956, other allied Acts and rules and regulations framed there under mainly for regulating the functioning of the corporate sector in accordance with law. The Ministry has a three-tier organisational set-up:

The Headquarters at New Delhi, the Regional Directorates at Mumbai, Kolkata, Chennai and Noida, and the Registrars of Companies (ROCs) in States and Union Territories.
The Official Liquidators who are attached to the various High Courts functioning in the country are also under the overall administrative control of the Ministry. The set-up at the Headquarters includes the Company Law Board, a quasi-judicial body, having the principal Bench at New Delhi, an additional principal bench for Southern Region at Chennai and four Regional Benches located at New Delhi, Mumbai, Kolkata and Chennai. The organisation at the Headquarters also includes two Directors of Inspection and Investigation with a complement of staff, an Economic Adviser for Research and Statistics and other Officials providing expertise on legal, accounting, economic and statistical matters.

The four Regional Directors, who are in charge of the respective regions, comprising a number of States and Union Territories, *inter alia*, supervise the working of the Offices of Registrars of Companies and the Official Liquidators working in their regions. They also maintain liaison with the respective State Governments and the Central Government in matters relating to the administration of the Companies Act, 1956.

Registrar of Companies (ROCs) appointed under Section 609 of the Companies Act, covering various States and Union Territories, are vested with the primary duty of registering companies floated in the respective States and the Union Territories and ensuring that such companies comply with the statutory requirements under the Act. Their offices function as registry of records relating to the companies registered with them.
The Company Law Board

The Company Law Board exercises powers which have been conferred on it by the Companies Act and those powers which are delegated to it by the Central Government. Section 637 empowers the Central Government to delegate any of the powers and functions, by notification in the Official Gazette (except the power to appoint the Public Trustee under Section 153A) to some other authority as may be specified in the notification. Now, for all practical purposes, the day-to-day administration of Company Law is carried out by the Company Law Board.

It acts through the Department of Company Affairs in the Ministry of Law, Justice and Company Affairs. It has, therefore, delegated its powers to the Company Law Board which acts as the executive arm of the Department of Company Affairs.

National Advisory Committee on Accounting Standards

Section 210A provides that the Central Government may, by notification in the Official Gazette, constitutes National Advisory committee on Accounting Standards, to advise the Central Government on the formation and laying down of accounting policies and accounting standards, for adoption by companies or clause of companies under the Companies Act 1956.

Securities and Exchange Board of India

Section 2 (45B) provides that the Central Government may, by notification in the Official Gazette, establish the Securities and Exchange Board (SEBI) for the protection of investors in securities.
Official Liquidator

The Official Liquidators who are attached to the various High Courts functioning in the country are also under the overall administrative control of the Ministry. For the purpose of winding up of companies by the court, there shall be an official liquidator, who are the officers appointed by the Central Government under Section 448 of the Companies Act. They are under the administrative charge of the respective Regional Directors who supervise their functioning on behalf of the Central Government.

Advisory committee

Section 410 provides that for the purpose of advising the Central Government and the Company Law Board on the matters arising out of the administration of the Companies Act, 1956, as may be referred to it by the Central Government or the Company Law Board, the Central Government may constitute this Committee consisting of not more than 5 persons with suitable qualifications. The Central Government is, however, not bound to constitute an Advisory Committee. Moreover, even if an Advisory Committee is constituted neither the Central Government nor the Company Law Board is bound to accept its advice.

Courts

According to Section 2, the Court means – with respect to any matter relating to a company (other than any offence against the Act) the court having jurisdiction under this Act with respect to that matter relating to that company, as
provided in Section 10; With respect to any offence against this Act, the Court of a Magistrate of the First Class or, as the case may be, a Presidency Magistrate, having jurisdiction to try such offence.

1.6 RADICAL CHANGES IN THE INDIAN COMPANY LAW

- Corporate Governance has received focused attention in the recent years world over and many countries have amended their Company Laws to keep pace with the changed world.

- Serious efforts and series of endeavours in India was made in the years 1999, 2000, 2002 and 2006 when certain corporate governance reforms were announced by amending the Companies Act. It was a comprehensive amendment of the Companies Act of 1956. Most of the proposals of the Bill of 1993 and 1997 were incorporated in these amendments.

- By amending the Companies Act in 2002, mismanaged manufacturing co-operative societies in the country were brought under the purview of the Act as Producers Companies by adding Part IXA contained in 12 chapters.

- The Companies (Second) Amendment Act, 2002 provided for the replacement of the Company Law Board (CLB) by the mechanism of Tribunal, though the Notification to dissolve the CLB under Section 10FA has not yet been issued by the Central Government.

- Based on the recommendations of the J.J. Irani Committee, the Companies Act was amended in May, 2006 to provide for the filing of company returns
online by a simple click on www.mca.gov.in and to make payment of fees by using credit card and electronically. The electronic filing has been made mandatory from September 16, 2006.

- To have LLP form of entity in the country, LLP Act, 2008 was passed and notified in January, 2009.

- The Companies (Amendment) Bill, 2009 has been re-introduced in the Lok Sabha on 3rd August 2009.

The process of reforming the Company Law is still on and the Central Government has introduced in the Parliament New Company Bill, 2009 to totally revamp the Company Law. While piecemeal reform continued through amendments, it has not yet been possible to bring about a comprehensive, new legislation to replace the existing Act.

1.7 STATEMENT OF THE PROBLEM

Modern economy is witnessing the dominant role being played by companies as an important vehicle to accelerate the process of development. Companies are the main contributors to economic, social and environmental well-being. Companies are not only the principal buyers and sellers of goods but the major borrowers and consumers of services and important conveyors of new technologies across the world. Multinational companies through their subsidiaries and joint ventures are spread the world over, are playing a major role in the excess of globalisation process and contributing to the national economy and economic
well being of the society. Corporate activities are vital in the present and will have serious bearing on the future. As the companies become a vehicle to accelerate the process of change, the Company Law, regulating and governing the behaviour of the companies itself is undergoing major transformation world over.

The world is witnessing an era that promises fundamental, rapid and multifaceted change. It presents both profound opportunities and daunting challenges to every business. The Company Law in India has been undergoing a phase of transitions over the last 25 years. More than a dozen major legislative initiatives have been introduced or attempted in Indian Company Law, the prime mover for this high level of Company Law reform process has been the changing corporate landscape and internationalisation of business with the initiation of market oriented policies in July 1991, the government has expedited the process to modify the Company Law in line with policy objectives and to harmonise it with the international developments.

The reforms in Company Law have given an impetus to corporate governance framework and related issues, which are not only important for companies to gain credibility and trust but also as part of their strategic management for survival, consolidation and growth in the emerging knowledge economy. Directors/Company Secretaries are now encouraged to use the electronic media in a wider and cost effective way to provide information beyond the mandatory disclosure. There are also strong influences of institutional investors, pressing for more transparency, accuracy, authenticity in corporate reporting and governance structures of companies they invest. The regulators are
also keeping pace with the expectation of the capital markets with the reforms in regulation in order to enhance investor confidence.

In a globally competitive and technology driven business environment, while corporates require greater autonomy of operation and opportunity for self-regulation with optimal compliance costs, there is a need to bring about transparency through better disclosures and greater responsibility on the part of corporate owners and managements for improved compliance.

It is also increasingly being recognised that the framework for regulation of corporate entities has to be in tune with the emerging economic scenario, encourage good corporate governance practices and enable protection of the interests of the investors and other stakeholders.

The present study mainly analyses the opinion of professional respondents about the Company Law reforms pertaining to management and administration of companies.

1.8 OBJECTIVES OF THE STUDY

1. To examine the key aspects of the present Company Law pertaining to corporate administration.

2. To study the recent developments in Company Law.

3. To review the amendments in the Companies Act, 1956.
4. To analyse the opinions of the respondents (Professionals) about the Company Law reforms pertaining to management of the company.

5. To identify loopholes of the existing Company Law, if any, and to offer concrete suggestions given by respondents (Professionals) for the betterment of corporate sector.

1.9 OPERATIONAL DEFINITIONS USED

The Companies Act, 1956 provides a basic legal framework for the regulation of companies in India. The word management and administration of the company refers to Part VI of the Companies Act, 1956. As far as the study is concerned there is no distinction made between management and administration of the company.

1.10 HYPOTHESES

• There is no significant difference between the respondents in different age group in the respect of their agreeability on the various aspects relating to Company Law reforms.

• There is no significant difference between the respondents in different age group in the respect of their agreeability on the various aspects relating to Board of Directors.

• There is no significant difference between the respondents in different age group in the respect of their agreeability on the various aspects relating to Company Secretary.
• There is no significant difference between the respondents in different age group in the respect of their agreeability on the various aspects relating to other Corporate Governance.

• There is no significant difference between the respondents in different age group in the respect of their agreeability on the various aspects relating to National Company Law Tribunal.

• There is no significant difference between the respondents in different gender group in the respect of their agreeability on the various aspects relating to Company Law reforms.

• There is no significant difference between the respondents in different gender group in the respect of their agreeability on the various aspects relating to Board of Directors.

• There is no significant difference between the respondents in different gender group in the respect of their agreeability on the various aspects relating to Company Secretary.

• There is no significant difference between the respondents in different gender group in the respect of their agreeability on the various aspects relating to other Corporate Governance.

• There is no significant difference between the respondents in different gender group in the respect of their agreeability on the various aspects relating to National Company Law Tribunal.
• There is significant difference between the respondents in different qualification group in the respect of their agreeability on the various aspects relating to Company Law reforms.

• There is no significant difference between the respondents in different qualification group in the respect of their agreeability on the various aspects relating to Board of Directors.

• There is significant difference between the respondents in different qualification group in the respect of their agreeability on the various aspects relating to Company Secretary.

• There is no significant difference between the respondents in different qualification group in the respect of their agreeability on the various aspects relating to other Corporate Governance.

• There is no significant difference between the respondents in different qualification group in the respect of their agreeability on the various aspects relating to National Company Law Tribunal.

• There is no significant difference between the respondents in different positions in the respect of their agreeability on the various aspects relating to Company Law reforms.

• There is significant difference between the respondents in different positions in the respect of their agreeability on the various aspects relating to Board of Directors.
• There is no significant difference between the respondents in different positions in the respect of their agreeability on the various aspects relating to Company Secretary.

• There is no significant difference between the respondents in different positions in the respect of their agreeability on the various aspects relating to other Corporate Governance.

• There is no significant difference between the respondents in different positions in the respect of their agreeability on the various aspects relating to National Company Law Tribunal.

• There is no significant difference between the respondents with various level of experience in respect of their agreeability on the various aspects relating to Company Law reforms.

• There is no significant difference between the respondents with various level of experience in respect of their agreeability on the various aspects relating to Board of Directors.

• There is no significant difference between the respondents with various level of experience in respect of their agreeability on the various aspects relating to Company Secretary.

• There is no significant difference between the respondents with various level of experience in respect of their agreeability on the various aspects relating to other Corporate Governance.
• There is no significant difference between the respondents with various levels of experience in respect of their agreeability on the various aspects relating to National Company Law Tribunal.

• There is no significant difference between the respondents in monthly income in respect of their agreeability on the various aspects relating to Company Law reforms.

• There is no significant difference between the respondents in monthly income in respect of their agreeability on the various aspects relating to Board of Directors.

• There is no significant difference between the respondents in monthly income in respect of their agreeability on the various aspects relating to Company Secretary.

• There is no significant difference between the respondents in monthly income in respect of their agreeability on the various aspects relating to other Corporate Governance.

• There is no significant difference between the respondents in monthly income in respect of their agreeability on the various aspects relating to National Company Law Tribunal.

1.11 METHODOLOGY

In view of the nature of data collected from the sample of respondents and from the secondary sources presented in this research report ‘descriptive research’ is considered to be the most appropriate for the present study. Hence the study is
descriptive and analytical. The research problem and interview schedule have been formulated and framed accordingly. The suggestions of the study emerge from the inference drawn from the sample survey of the respondents in Tamilnadu State and their opinions.

1.12 DATA COLLECTION

The present study is an empirical one based on sample survey method. The data required for the study were collected through a structured Interview Schedule which is given in (Appendix 1). The primary data were gathered from Company Secretaries in employment or in practice, Chartered Accountants and Company Law experts. Interview Schedule was administered to collect data from the respondents. The particulars of professionals were collected from the respective Chapters of the professional bodies and also by visiting the websites. The study also depended on secondary data. The data relating to legal aspects were collected from bare Acts, standard textbooks on Company Law, reputed Journals, Newspapers, Reports from Ministry of Corporate Affairs and SEBI.

1.13 SAMPLING DESIGN

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The required data have been collected both from primary and secondary sources for the present study. For the purpose of eliciting opinion of respondents, the interview schedule was administered to the respondents. Accordingly, a sample of 50 professionals were chosen and the interview schedule prepared was pre-tested with the professionals. The State of Tamil Nadu has been chosen for the study. It is one of the two States having two Registrar of Companies in India in view of large number of companies concentrated in this State. Though professionals are working in all the parts of the State, it was observed that most of the professionals are found working in metros and cities for obvious reasons.

The particulars of professionals were collected from the respective chapters of the professional bodies namely Institute of Chartered Accountants of India (ICAI), Institute of Company Secretaries of India (ICSI) and Institute of Cost and Works Accountants of India (ICWAI) from Chennai, Coimbatore, Tiruchirapalli, Madurai and Salem. It was observed that most of the respondents were found employed in Chennai and Coimbatore in view of large number of companies located in these two cities. The professionals namely Company Secretaries either in whole time employment or practise, Chartered Accountants and experts in law from Tamil Nadu were contacted initially over mobile and e-mail. The researcher then met the respondents and distributed the interview schedule and noted their feedback and suggestion. Judgement sampling was used to select the respondents in the present study. Initially 300 professionals were identified and contacted.
directly, only 244 respondents gave appointment to the researcher. Again out of 244 respondents only 200 respondents provided complete data. The remaining professionals though gave appointment, could not be contacted due to their busy schedule. There were also many last minute cancellation of appointments.

1.14 PERIOD OF STUDY

The study covers Company Law reforms introduced by the Central Government for a period of 20 years from 1988 to 2008.

1.15 FRAME WORK OF ANALYSIS

After the data collection, the completed interview schedules were scrutinized thoroughly and edited to ensure accuracy, consistency and completeness. The analysis of data of the study on Company Law reforms in India is presented based on the response of 200 respondents selected from Tamilnadu. The respondents are Company Secretaries who are either in whole time employment or in practice, Chartered Accountants and Law Professionals. The opinion of the respondents was ascertained through an interview schedule covering personal data and the data relating to the reforms related to information on Company Law reforms, Board of Directors, Auditors, Company Secretary, Other Corporate Governance, Audit Committee, Related Party Transactions & Disclosure Notes, Managerial Remuneration, Small Shareholders, National Company Law Tribunal and New Companies Bill 2009. The opinion of the
respondents were analysed using the following statistical tools in tune with the objectives of the study.

- Percentage Analysis
- Chi-Square test
- Analysis of Variance
- Five Point Scaling Technique
- Average Score Analysis
- Factor Analysis

All the tests were carried out at 5% level of significance.

1.16 LIMITATIONS OF THE STUDY

The present study titled, “A Study on Company Law reforms in India with reference to management and administration of the Company” is a survey method involving a sample of 200 respondents in Tamilnadu State. The interview schedule for the study was administered to the Company Secretaries, Chartered Accountants and legal pandits to gather the necessary primary data. The sample survey was rather time consuming as it involved long time to meet the professionals in person. Due to the difficulty faced in getting appointment with the professionals, the sample respondents were chosen from Tamilnadu. The difficulties faced in the field were:

- Fixing appointments with the professionals to get the interview schedules filled in.
• In many cases the appointments were cancelled and postponed due to the urgent commitment of the professionals.

• Changes in the mailing address of the respondents.

• The initial reluctance of the respondents to provide necessary data required for the study.

1.17 SCHEME OF THE RESEARCH REPORT

The research report has been divided into seven Chapters, followed by the Appendices.

Chapter - I  Introduction and Design of the Study

This Chapter gives a vivid account on Genesis of Company Law, Companies Act, 1956, Company Law Reforms – A Perspective, Company Law Administration, Radical Changes in Indian Company Law, Statement of the problem, Objectives of the study, Operational Definition used, Hypotheses, Methodology, Data Collection, Sampling Design, Period of the study, Framework of Analysis, Limitations of the study and Scheme of the Research report.

Chapter – II  Review of Literature

This chapter presents a detailed survey of literature available on the subject related to Company Law reforms.
Chapter – III Corporate Administration - An Overview

This chapter deals with the role and responsibilities of board, legal position of director, board structure, disclosure and transparency, role of Company Secretary and Developments in Corporate Administration.

Chapter – IV Recent Developments in Company Law

This chapter gives a detailed account on the recent developments in Company Law.

Chapter – V Amendments in the Companies Act, 1956

This Chapter explains the various amendments and its salient features of the Companies Act, 1956.

Chapter – VI Analysis and Interpretation of Data

This chapter presents the analysis and interpretation of the study in tune with objectives of the study.

Chapter – VII Findings, Suggestions and Conclusion

This chapter presents the findings, suggestions and conclusion of the study.