Chapter-VII

Conclusion and Suggestions

After establishment of WTO and after entering into the General Agreement for Trade and Tariff, business in the world has got due importance. Industrialization has boosted the trade and commerce across the universe. There is a need to control criminal activities of the company for which separate legislation is to be enacted in all the countries. In this regard USA has enacted separate comprehensive criminal legislation, that is Federal Sentencing Guidelines for Organizations, to curb corporate crimes.

In India there is no separate legislation to deal with corporate crimes. The new Act which has been enacted by the parliament of India in the year 2013 that is the Companies Act, 2013 has no provision to deal with criminal acts of the company. In India the Concept of corporate criminal liability is still in the process of development, and judiciary has divergent view on it. The theory of Identification is adopted by the courts in India and UK, whereas the theory of vicarious liability is adopted in USA. Vicarious theory has an advantage from the point of criminal justice because, the company is held liable for every act of its servants committed during the course of employment. It means that every act of the company comes under the scanner of criminal justice system which is good from the perspective of state and community. It has the added advantage of more deterrent on the company because, it takes care that none of the employee shall indulge in the criminal activity on behalf of the company. Company is to be very careful while appointing its employees and has to exercise constant supervision over the acts of its servants.
On the other hand the theory of identification has limited application because, it is applicable to only the acts committed by the responsible officers of the company, who are the main organs of the company. It means that, it is only action of the Chairman, Managing Directors and other higher officers, who have the power to act independently on his own and having discretionary power which came under the scanner of criminal justice system. Therefore, only few acts of the company are subjected to criminal law but not the act of every servant of the company. This theory protects the company and ignores the interest of state and community because, criminal act committed by the subordinate servant of the company during the course of employment is not covered under the criminal liability of corporations. Obviously, the theory does not work as deterrent factor on the company. The company has to supervise the action of only higher officer but not the lower officer. Moreover, it is lower officer, who deal with customer of the company and they have more opportunity to commit crime. Therefore, this theory has many loopholes. Still now the Indian Judiciary is not unanimous over the concept of corporate criminal liability.

Supreme Court of India categorically said that company could be prosecuted for even those criminal offences, which require the *mens rea* but, did not spell out about the offences, for which company could be prosecuted. This million dollar question has been persistently raised at various points of time. Criminal liability of corporation for socio-economic offence does not create problems because; the nature of offence is such that it could be committed by both natural and juristic persons. But the question in relation to offences prescribed in IPC is, whether the company be prosecuted for all the offences prescribed in IPC?

Supreme court of India on previous Occasions in align with decisions of the supreme court of USA held that, company could not be prosecuted for offences like,
treason, rape, theft, bigamy, murder etc. but could not give comprehensive list of
offences. Courts have stick of with the old theory that, company could be made
criminally liable for offences like fraud, criminal negligence, criminal breach of trust,
forgery etc. This theory has become outdated because, companies in twenty first
century are involved in multifarious service oriented business such as, construction of
building, which may cause the death of human being by the gross negligence of the
company.

Hence, courts have to expand the previous approach, as the activities of the
company are expanded. Judiciary in India has worried for imposing punishment on
the companies, as it is not clear in the Indian Penal Code, 1861. Generally the Indian
Judiciary much relied upon the concept of fine and other kinds of punishments are
still not experimented. Indian Penal Code has prescribed death sentences, life
imprisonment, imprisonment, forfeiture of property, and fine. Company being juristic
person, death sentences and imprisonment cannot be imposed on it. Indian Penal
Code’s punishment provisions have imposed the punishment as mandatory
punishment along with the fine. Those provisions have used the words punishment
and fine and not punishment or fine. Usually judiciary does not have discretionary
power to impose only fine because that would amounts alteration of law which is
considered to be beyond the jurisdiction of judiciary. However, judicial creativity has
overcome that obstacles by observing that “and” may be used as “or”. Therefore,
Indian Courts have imposed fine as punishment and sometimes company’s property is
forfeited also. Courts have also faced the problem in relation to quantum of fine when
company is an offender. Because the component of fine in crime is always a meager
amount compared to the amount of compensation in civil matter. Courts have
adjudicated that fine in case of company should be in higher quantum compared to the
individual because, punishment has characteristics of deterrent. Other counties have adopted modern kinds of punishments like social service, publication of guilty companies name in newspaper, winding up of companies and probation. In this matter Indian legal system is lagging behind. Hence reformation in the law of crimes is required about the different kinds of punishments for the companies. Reformative theory of punishment is philosophy of 20th and 21st century. Therefore, there is a need to adopt reformatory theory of punishment in respect of punishment of corporation. Further, in case of fine also the company needs to be classified on the basis of its capital, years of existence, status of companies and its capacity to pay the fine amount.

So for Indian Judiciary is more focused on the offence for which company could be made liable but it has not thought about the defenses available under the law of crimes. Indian Penal Code contains chapter known as General Defenses, which is available to the accused person. The question is whether, the defenses like right of private defenses, necessity, unsoundness of person, infant, accident, acts done in good faith for the benefit of persons, mistake of fact and intoxication are available to company also. Natural person is entitled to take these defenses to avoid his criminal liability. Article 14 of the Indian Constitution provides right of equality. Company being person is entitled to protection of Article 14 of the Constitution. Even if it is assumed that the company is entitled to take these defenses, whether all the defenses can be granted to company or only certain defenses can be granted is another question. These are very important jurisprudential questions that need to be answered decisively which cannot be done through judicial process. Therefore, comprehensive separate criminal law for company is required.
Parliament of India has enacted the New *Companies Act*, 2013 which has come into effect in the month of August, 2013. New Act has also not addressed these issues. New Act has authorized the Central Government to constitute Special Courts to try the offences committed by companies with object to provide speedy justice. The Special Courts have exclusive jurisdiction over the offence committed under the *Companies Act*, 2013. Further, Special Courts are also empowered to conduct trial of other offences committed by companies under the *Criminal Procedure Code*, 1973 along with the offences committed under the *Companies Act*, 2013.

But however, it has not spelled out the offences for which company can be prosecuted. This is welcome step because; special courts would certainly acquire expert knowledge in the matters of corporate criminal liability in the course of time. The *Companies Act*, 2013 has made improvements in respect of quantum of fine by prescribing the amount of fine to be payable on commission of an offence. Nevertheless it has imposed uniform amount of fine without giving discretionary power to Special Courts to impose punishment on company in accordance with the facts and circumstances of each case, which makes the *Companies Act*, 2013 rigid.

Reasonable classification should have been made in the legislation distinguishing between different corporate bodies while imposing such fine. If the discretionary power is given to the courts, the impact of imposing the quantum of fine should be considered by courts before imposing such fines. Without considering all these factor and imposing uniform quantum of fine would not be in the interest of justice.

Further, there is a provision in the Act which specifies power given to the Companies Tribunal and the Regional Director in respect of compounding the
offences in which the fine amount does not exceed five lakh Rupees. Nevertheless, the compoundable provisions are not applicable to offences committed by the company within three years from the date of commission of similar offence previously committed. In the light of these findings the researcher has made the following suggestions in respect of corporate criminal liability.

Testing of Hypothesis.

It is now well settled principle that corporation are the real entity and subject to the criminal liability because, Supreme Court held that criminal liability can be imposed on the corporation. It further held that corporation can be prosecuted for criminal charges under the Indian Penal Code. It observed the corporation as person under the Indian Penal Code. Therefore, the first hypothesis that there is a gross conclusion that the corporate entities are free from criminal liability as they are not natural persons, and cannot commit crime is disproved.

The Supreme Court of India has observed that doctrine of alter ago theory is applicable to the criminal acts of corporation. Alter ago theory of common law is adopted in the Indian Legal system by the Supreme Court of India. According to alter ago theory the persons, who are high officials of the company and who act independently without subject to control of any other person is said to be mental organ of the company. Their mental elemental, during the discharge of their duty in relation to company affairs is the mental elemental of the company. Any guilty mind of such person is said to be the guilty mind of company. Therefore the second hypothesis is that the company itself cannot be made liable criminally because it cannot have the necessary mens rea is disproved.
No doubt, the company is legal entity, which does not have its soul and mind. Hence, it has to carry its activity through natural person in the form of its Chairman, Director, Managers, and Servants. Initially it was thought that crimes of the company are the product of human being but not of company itself. However, gradually the volumes of activities of company across the society have increased by number of times. Company spread its tentacles every nook and corner of the society and it is greedy for profit started to affect the society adversely. Hence, Judiciary also felt that company need to be controlled in the form of criminal liability. The Supreme Court applied the doctrine of alter ago theory which says that, act of responsible officer of the company is the act of company while discharging his official duty. Therefore the third hypothesis that corporate crimes are the products of one or the other human being, and are not the products of company itself is disproved.

The criminal liability of corporate under socio-economic legislation is based upon the strict liability. Further these legislations have made the head of the institution or head of the department who is in charge at the time of committing crime liable. The Supreme Court has held that doctrine of alter ago theory is applicable to corporate crime. According to alter ago theory the mental element and act of the responsible officer of the company can be attributed to the company. The word "responsible officer" means the officer who can run the activity of the company according to his judgment and without being controlled by any other person. Identification of such persons is difficult because it depends upon their powers in the company. Further Supreme Court has held that corporate cannot be held liable for certain offence like rape, murder, dacoit etc. further it is already noticed that certain provisions Code of Criminal Procedure of 1973 in respect of arrest, bail, confession is not applicable to accused company. Further the punishment of imprisonment under
IPC is also not applicable to company. Therefore the fourth hypothesis that Different set of principles is the need of corporate criminal liability in the present legal scenario is proved.

Suggestions.

1. **Separate legislation for corporate criminal liability**-Corporate criminal liability in USA has been fundamentally changed on 1st November 1991 after United States Sentencing Commission promulgated the “Federal Guidelines for Sentencing Organizations” (Sentencing Guidelines). As the name suggests, the Organizations Sentencing Guidelines apply to entities other than just corporations. It applies to “partnerships, associations, joint stock companies, unions, trusts, pension funds, and unincorporated organizations, governmental and nonprofit organizations. The Guidelines also apply to most federal felony and serious misdemeanor crimes. Even though special offences related to drugs, food, environmental and export and import is not included but the list of crimes to which the Guidelines do apply remain a long one. Indian legal system still relay on the Indian Penal Code which was enacted in 18th century by keeping individual as focal point which is certainly not suitable to be applied to corporate criminal liability. Corporate crimes have reached extreme level and it is more complicated matter. The concept of *mens rea*, deeds, and kinds of punishments and quantum of punishments requires special consideration compared to crimes committed by individual. Therefore crimes committed by the corporation cannot be dealt under traditional laws like IPC.

*Therefore, it is suggested that enactment of separate criminal law for company is appropriate to cover various crimes likely to be committed by the companies.*
2. **Other kinds of offences**-The Indian Judiciary has held that company could not be held criminally liable for certain offences like murder, rape, theft, kidnapping, sexual offences, offence against marriage. However, company could be criminally made liable for offences like, fraud, criminal misappropriation, criminal breach of trust, forgery, false evidence, conspiracy. Companies of twenty first century are carrying multifarious activity in manufacturing and service sector. Therefore, time has come to widen the base of the corporate criminal liability. The United States Sentencing Guidelines has prescribed certain specific offence for which company could be held liable. The Appendix A of USSG has mentioned the company is liable for offences of Larceny, other forms of theft, damage to property, Trespass, gambling offences and other offences also. The list is not exhaustive. It is suggested that each and every offence a company can commit should be incorporated in the Indian legislation itself. For Eg; Manslaughter, the company can be held liable if due to its gross negligence or recklessness causes the death of the human being. To state a few examples, where a construction company’s high officials used sub-standard material for the construction buildings, or high officials of medical hospitals have used sub-standard equipment in the hospitals or adulterated drugs, the company can be prosecuted for manslaughter. In another instance if the workers are on strike inside the premises of company, become violent and damage property of company or assault the officers of the company, under such circumstances the company may use appropriate force to defend its property and personals. However, if the company uses unreasonable forces and causes death of worker, the company shall be liable for culpable homicide which does not amount to murder.
Apart from manslaughter, Company can be held liable for theft also. To give an illustration, suppose the higher officer orders to get the copy of the tender of opponents by unlawful means, the offence can be termed as theft. Recently there is trend among the general public to seek information from the company where the groom is employed before giving their daughters in marriage. If the company has deliberately concealed the information of first marriage even when they were aware of it, the company could be prosecuted for the abetment of bigamy. Take another hypothetical example that where top executive officer has committed sexual offence against female employee of company and company tries to push up the matter because, company does not want to loose that officer because of his talancy. That has encouraged the officer to commit another sexual offence. Under such circumstances company may be charged for abetment of sexual offence also. Even the company could be charged for offences for unlawful assembly or trespass also. The top managerial officials of different company may be protesting against the policy of the government which may turn up unlawful assembly and even it may commit trespass in that process. This explanation suggests that company could be made liable for offences against property, and human body also.

Therefore, it is suggested that the company shall be prosecuted for offences like Manslaughter, theft, trespass, and damage to property, abetment of bigamy, sexual harassment, unlawful assembly, defamation, and conspiracy to commit these offences.

3. Defenses for Corporate Criminal Liability. - The law has personified the company. The company is treated as person for civil as well as criminal liability. The American and Indian Judiciary is more interested in expanding the criminal
liability of company for different offences but, the law has not prescribed general defenses that are available under law of crimes. Certainly the company is entitled to take the defense of right of private defense when there is attack or threat to its personnel’s or assets. In case of culpable homicide not amounting to murder the company could take the defense of inevitable accident if, company proves that it has taken reasonable care. In case of hospitals, they can take the defense that the act was done for the benefit of patient or that it was necessary in the given circumstances. Nevertheless, certain defenses cannot be attributed to the company. The defense that is available that the person who has committed the crimes is an infant or is less than seven years or that he is unsound mind cannot be availed to companies. These persons are exempted because they are incapable of forming mens rea and the logic cannot be applied to company personality because company’s activity is always carried by persons of sound mind in the capacity of either chairman or board of directors. Involuntary intoxication is good defense for crime. It is quite possible that company can take this defense that its high officials might have been intoxicated without their knowledge and committed the offences. The defense of consent or act done in the good faith for the benefit of the person is also useful defense available for companies.

*Therefore, it is suggested that defenses of right of private defense, mistake of fact, accident, consent, acts done in the interest of person, acts done under the influences of involuntary intoxication, and necessity should be incorporated in the law.*

4. **Diversity of Punishments**- Indian Judiciary extensively used the components of fine as appropriate punishment for corporate criminal liability. And it has sparingly used the forfeiture of property of guilty company for criminal offences.
But, it never thought of other effective punishments. Indian Penal Code has prescribed death sentences, imprisonment, fine, and forfeiture of property. The punishment of death and imprisonment obviously cannot be imposed on company because it is being legal person. Whereas USA’s Guidelines for Sentencing Organizations has prescribed other kinds of punishments like; dissolution of company in serious offences, social or community services and publication of guilty company’s name in the newspaper or television. These kinds of punishments are not imposed by judiciary as they are not incorporated in any legislation. Whenever a company has committed more serious offences like money laundering, under such circumstances it is appropriate to dissolve the company rather than mere imposing fine or forfeit the property. Of course dissolution of company would certainly affect the innocent investors, employees of the company and to greater loss such as national economic interest. Hence, while deciding as to winding up of a company, the law should weigh the balance of interest of innocent investors, employees, and interest of nation. If the continuation of company would promote injustice, then dissolution of company should be awarded. The company which commits non serious offences then punishments like community services should be imposed as it would be more appropriate. This is more beneficial as the company is punished on one hand and community is also benefited. Another effective punishment of corporate criminal liability is publication of guilty company’s name in the newspaper and other TV channels which will affect more deterrent than fine because the reputation or goodwill of company could be at stake. The reformation of accused is also important component of theory of punishment in the 20th or 21st century. Therefore, there should be component of probation in the punishment of
company. The company which has committed the offence first time or young company should be given some kind of leniency at the time of imposing punishment. Further, other kind of punishment like disqualification of company and suspension or revocation of license of company can also be imposed. Under such circumstances disqualification of company carrying such business or revocation of its license would be appropriate punishment for corporate criminal liability.

Therefore, it is suggested that the legislation should incorporate the punishments like dissolution of company, community services, disqualification of company, suspension or revocation of company’s license and publication of company’s name in newspaper or TV channels, and probation.

5. Reward or leniency in Punishment. Some of the Company takes strict measures to prevent the commission of crime by its officials during the course of employment. Further, they build up such checks and balance in the organization which minimizes the scope for commission of corporate criminal liability. In spite of such effort on the part of company, sometimes corporate crimes are committed by its officials. Then law should have some kind of leniency in awarding punishment. Such company should be encouraged for taking strict measures to prevent occurrence of corporate crime. The company which has taken steps to prevent commission of crime and company which has not taken steps to prevent commission of crime should reasonably be classified and the company which tried its best effort to prevent commission of corporate crime should be given some kind of concession in awarding punishment to its officials. In USA’s Guidelines for Sentencing Organizations has prescribed concession in awarding punishment for those companies which have taken corrective steps in
prevention of commission of corporate crime in accordance with those guidelines. Same kind provision should be inserted in the separate legislation of corporate criminal law. It may be also possible that separate provision may be added in that law which deals with corporate crimes.

Therefore, it suggested that the law that deals with corporate crimes should be given some kind of leniency to those companies which have taken stringent steps or corrective steps to prevent the occurrence of the corporate crime.

6. Wide publicity of corporate punishment at the cost of company. The Goodwill of company in market is most important because share value of company depends upon its Goodwill. Once the company is punished for serious financial crimes then it should be made mandatory to publish company name in newspaper and TV channels at the cost of company in a prescribed form. That information should contain names of the company officials, nature of offence committed by company, and kinds of punishments imposed by the authority. Further the SEBI should also publish names of the guilty company in its website and wide publicity should be given to that effect.

Therefore it is suggested the punishment of corporate punishment should be published in leading newspaper, TV channels and SEBI website in particular format including necessary information at the cost of company.

7. Additional information in the prospectus of the company in respect of criminal cases. Mobilization of resources from the public is the biggest advantage of Formation of Company. It is mandatory for public company to register and issue prospectus to public before it raises money from the public. The Companies Act 2013 has made provision to furnish information in respect of
any litigation or legal proceedings pending or action taken by the government against promoters in the prospectus. Prospectus is issued at the time of incorporation of the company. But when company decides to raise its capital after incorporation it is required to take permission of company Tribunal. There it issues prospectus or statement in lieu of prospectus when such prospectus or statement in lieu of prospectus is issued; company’s criminal liability and the punishment awarded should also be disclosed in it. This shall bring transparency in the operation of the company and crimes committed by the corporate also shall reduce to a large extent for their Goodwill will be at stake. However, this provision is not sufficient to provide adequate information about company’s criminal records. This provision obligates only to provide information about promoter’s personal litigation. The word “promoters” is not enough because those promoters may sell their shares to others. Under such circumstances purchaser of such share may not be called as promoters and still they are in dominant position in the company to control the affairs of the company. Further, the question is why information only about promoters why not the information about crimes committed by company and its officials. It would have been more appropriate if law obligates company to furnish information about crimes committed by itself and its officials. Obviously it works out to be very deterrent for company not to commit crimes because any commission of crime by company and its officials and furnishing such information in the prospectus may deter people to subscribe for shares. Naturally crimes of company would be reduced.
Therefore, it is suggested that any information in respect of crime committed by company and its officials should be made obligatory to furnish in the prospectus of the company.

8. **Separate Courts.** Today corporate criminal liability is on the rise. Jurisdiction over the corporate crime is given to the general criminal courts under Criminal Procedure Code 1973. The regular criminal courts are burdened with number of other criminal cases. Therefore it would not possible to adjudicate corporate criminal matter within reasonable period. The principle of justice delayed is justice denied applies appropriately here. The criminal cases of corporate crimes involve high stakes of investor, creditors, employees and even nation also. The matter need to be adjudicated within reasonable period. That can be possible only if separate courts are established for corporate crimes. The Companies Act, 2013 has made provision for constitution of Special Courts for offence committed by companies under the Companies Act, 2013. However, the Companies Act 2013 authorizes Special Courts to try other offence committed under general law along with offence committed under the Companies Act, 2013. This provision is defective because it does not empower the Special Courts to try crimes committed under general law unless company has committed offence under the Companies Act, 2013. Enactment of separate corporate criminal law with establishment of Special Court is more appropriate. Even if the legislators think that it is not possible, then it may be possible to reform the existing Companies Act 2013. The Special Court under Companies Act, 2013 must be empowered to try all the offence committed company under IPC irrespective of company’s trial of offence committed under the Companies Act 2013.
Therefore, it is suggested that Special Court constituted under the Companies Act should be given exclusive jurisdiction to try the offence committed by company under IPC also.

9. **Sufficient number of Special Courts**- when the Special Court under Companies Act 2013 is empowered to try even the general offence committed by the Company under IPC, then establishment of adequate number of Special Court becomes precedent condition to realize the justice in time otherwise the attempt of establishing Special Court would be futile.

Therefore, it is suggested that Central Government should establish number of adequate Special Court in proportionate to crimes committed by companies.

10. **Special Investigation Authority.** Corporate crimes are very complicated. National and Multi-National companies now a days are operating from outside the territory of India. Companies are categorized as holding and subsidiary company. Dimension of corporate crimes are multifarious. Sometimes conspiracy to commit offence might have taken outside India but its impact may be felt in India. Further, the offence might have been committed with collusion of so many professionals and it might not have been noticed by the authority for long period because every record and documents are under the possession of company. Under such circumstances to reveal corporate crime, investigate in to the matter, and for collection of evidence requires involvement of multi-disciplinary department. It requires the assistance of experts from income tax department, legal experts, Bank experts, expert of auditors and experienced investigating authority. Hence, it becomes imperative to conduct the corporate crimes by special authorities that are having necessary experience in the field.
This is well demonstrated in the Sathyam Computer case and other chit fund crimes committed by companies. The United State of America has enacted US Federal Trade Commission Act 1914 under which the Federal Trade Commission has been constituted as an authority to investigate the offence committed by company. Federal Trade Commission has its own wing of investigation authority consisting of experts from various fields. This has facilitated the investigation of corporate crime and its success rate has also been very high. Such kind of investigating authority is also required in India.

Therefore, it is suggested that separate comprehensive corporate criminal law must have special authority to investigate the crimes committed by company.

11. Imprisonment or fine. Indian Penal Code is common law for crimes committed by Natural person and legal person. IPC has prescribed imprisonment as mandatory punishment along with fine in most of offence. Indian Penal Code is drafted in the decade 1830 by the first law commission during the British rule and adopted in the year 1860. IPC has almost history of 180 years. Moreover, natural person is centric of that legislation. Now, much of water has flown in the society and companies have occupied the dominant position in the activity of society. Therefore, the punishment provisions in IPC have created many problems for judiciary to impose the punishment because those punishment provisions carry the words “imprisonment and fine.” Finally, Indian Supreme Court has held that where the accused being is company those words should be read as “imprisonment or fine.” However, there is danger that larger bench of Supreme Court may in the process of interpretation it is likely to revert the old position that those words “imprisonment and fine” read be as it is otherwise it amounts judicial legislation. Therefore, again it may create problem to punish the
280

corporate. Such anomaly in the law can be averted by making necessary amendment to IPC. The Law Commission of India in its 41st and 47th report suggested the Parliament to amend the IPC in respect of punishing a company. It is suggested that section 62 of IPC should be amended. In case company being accused person, provision should have clause that judiciary is authorized to impose punishment of fine only. This kind of explicit provision in IPC would remove all the doubts whether company could be punished for that offence where there is mandatory punishment of imprisonment.

Therefore, it is suggested that section 62 of IPC should be amended, separate provision in respect of Company should be added and judiciary should be empowered to impose only fine as punishment for guilty company.

12. Separate Yardsticks for imposing fine on company. Deterrent is essential feature of theory of punishment. Imprisonment for corporate criminal liability is impossible because company cannot be put behind the bar. The alternative punishment being fine. But the quantum of amount is meager in case of fine. Therefore, it does not work as deterrent for company as the amount is small for the company considering the financial position of company. Therefore, quantum of amount of fine should be huge for corporate criminal liability. Companies Act, 2013 has prescribed huge amount of fine as minimum fine subject to maximum fine. However, there is flaw in those provisions. Those provisions have considered all companies are equal for imposing minimum fine amount. What is required that there should be classification of company based on its capital and work force for imposing fine. USA’s Guidelines for Sentencing Organizations has classified companies on the strength of worker for imposing fine amount. It has classified the companies into the categories of 200 workers,
1000 workers, 5000 workers and above 10000 workers. The quantum of fine should vary depending upon the work force of the company. Thus, the punishment would work out to be fair. Any imposition of fine without taking into consideration of these facts would violate the right of equality under Article 14 and it would be unjust law under Article 21 of the Indian Constitution.

*Therefore, it is suggested company should be classified on the strength of its work force based upon less than 500 workers, 1000 workers, 3000 workers, 5000 workers and more than 10000 workers and appropriate fine amount should be prescribed on strength of workers of company.*

13. **Theory of vicarious liability.** United States of America has adopted the theory of vicarious liability for determining the corporate criminal liability. Whereas UK and India have adopted the theory of identification or alter ego for corporate criminal liability. The theory of identification has limited application because the company is criminally held liable only for the acts of its high officials. Whereas in vicarious liability the company is criminally held liable for all the acts committed by its worker during the course of employment. Theory of vicarious liability is more appropriate in the interest of justice and it is more deterrent nature which helps in prevention corporate crimes.

*Therefore, it is suggested that corporate criminal liability in Indian legal system should also rest upon the theory of vicarious liability.*