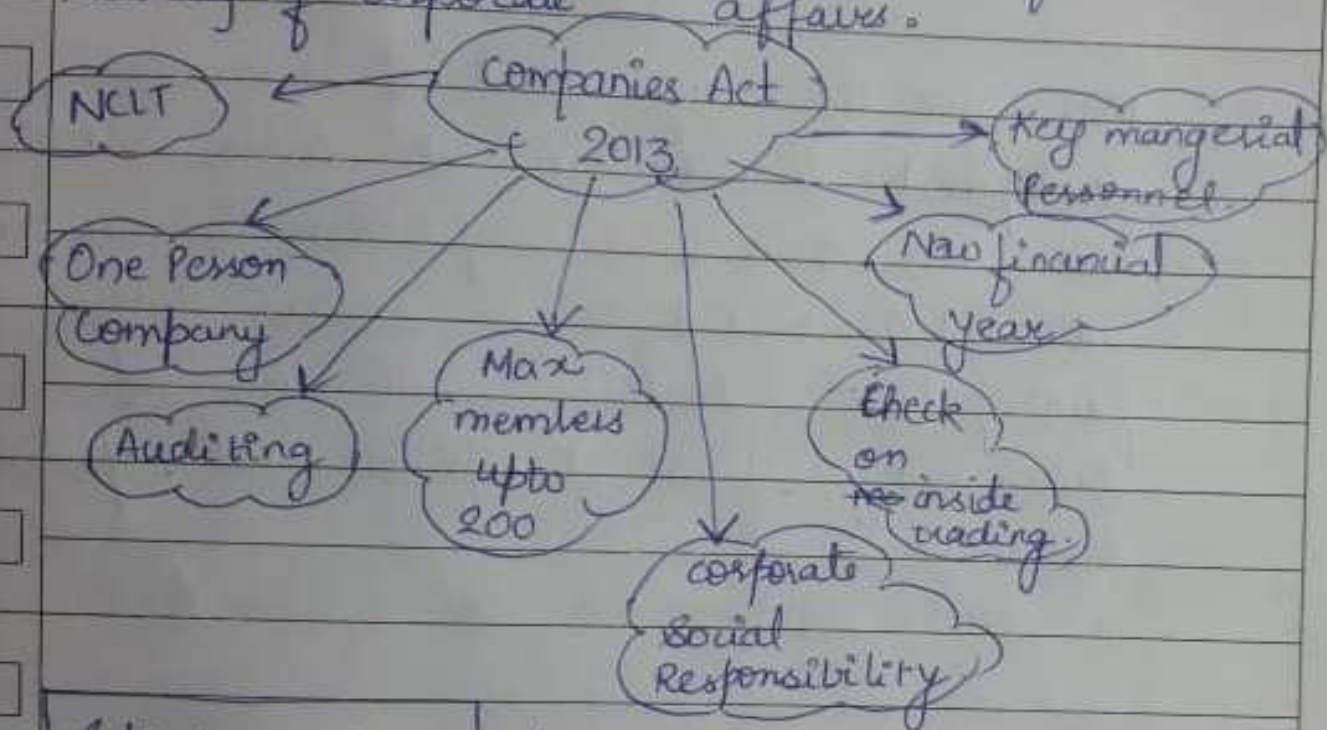


9. Describe the salient features of Companies Act 2013. (200 words).

A. Companies Act 2013 has partially replaced Companies Act 1956 and has made corporate governance more easier. Its execution falls within Ministry of Corporate Affairs.



Salient features of the Act are as follows:-

(i) One Person Company:-

Earlier the Company Act 1956, could only allow a maximum of 2 partners to form a company but now with compliance with growing trend of startups and entrepreneurship even one person company can be formed.

(ii) Maximum Members:-

The act has enhanced the no of ^{maximum} ~~max~~ members from 50 to 200.

(iii) Corporate Social Responsibility:-

In order to look over the corporates give their share into development of social sector CSR is made mandatory for companies having net profit of ₹5 crore.

(iv) New Financial Year:-

To curb the problem of having different financial years, record keeping was difficult hence now all companies need to follow same financial year to avoid confusion.

(v) Key managerial personnel and auditing:-

The act has made it mandatory to appoint managerial personnel and auditors for proper organisation and management.

The New Companies Act 2013 is an updated version of Companies Act 1956 which has not only made setting companies easier but has also brought India in par with global standards and enhancing ease of doing business and resolving issues faster through National Company Law Tribunal set up under