

Bill No. XXVII of 2010

THE COMPANY SECRETARIES (AMENDMENT)
BILL, 2010

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further to amend the Company Secretaries Act, 1980.

BE it enacted by Parliament in the Sixty-first Year of the Republic of India as follows:—

1. (1) This Act may be called the Company Secretaries (Amendment) Act, 2010.

Short title and
commencement.

(2) It shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint.

56 of 1980.

2. In the Company Secretaries Act, 1980 (hereinafter referred to as the principal Act), in section 2, in sub-section (1)—

Amendment of
section 2.

(i) after clause (f), the following clause shall be inserted, namely:—

9 of 1932.

'(fa) "firm" shall have the meaning assigned to it in section 4 of the Indian Partnership Act, 1932, and includes,—

(i) the limited liability partnership as defined in clause (n) of sub-section (1) of section 2 of the Limited Liability Partnership Act, 2008; or 6 of 2009.

(ii) the sole proprietorship,

registered with the Institute;';

(ii) after clause (ga), the following clauses shall be inserted, namely:—

'(gb) "partner" shall have the meaning assigned to it in section 4 of the Indian Partnership Act, 1932 or in clause (q) of sub-section (1) of section 2 of the Limited Liability Partnership Act, 2008, as the case may be; 9 of 1932. 6 of 2009.

(gc) "partnership" means—

(A) a partnership as defined in section 4 of the Indian Partnership Act, 1932; or 9 of 1932.

(B) a limited liability partnership which has no company as its partner;';

(iii) after clause (j), the following clause shall be inserted, namely:—

'(jj) "sole proprietorship" means an individual who engages himself in the practice of the profession of the Company secretaries or offers to perform services referred to in clauses (b) to (f) of sub-section (2);';

Amendment
of section 26.

3. In section 26 of the principal Act, in sub-section (1), the following *Explanation* shall be inserted, namely:—

'*Explanation.*—For the removal of doubts, it is hereby declared that the "company" shall include any limited liability partnership which has company as its partner for the purposes of this section.'

STATEMENT OF OBJECTS AND REASONS

The Company Secretaries Act, 1980 has been enacted to make provision for the regulation of the profession of the company secretaries. The said Act was amended in 2006 by the Company Secretaries (Amendment) Act, 2006, *inter alia*, to enable the members of the Institute of Company Secretaries of India to form multi-disciplinary firms and offer multi-professional services in a competitive and commercial manner.

2. Subsequently, the Limited Liability Partnership Act, 2008 has been enacted to make provisions for the formation and regulation of limited liability partnerships and for matters connected therewith or incidental thereto. The limited liability partnership will be a separate legal entity, liable to the full extent of its assets, with the liability of the partners being limited to their agreed contribution in the limited liability partnership which may be of tangible or intangible nature or both tangible and intangible in nature.

3. It is proposed to extend the benefits of the Limited Liability Partnership Act, 2008 to the firms of company secretaries under the Company Secretaries Act, 1980 and to amend the provisions of the said Act.

4. Section 2 of the Company Secretaries Act, 1980 *inter alia*, provides that a member of the Institute of Company Secretaries of India shall be deemed to be in practice when individually or in partnership with one or more members of the Institute in practice or in partnership with members of such other recognised professions as may be prescribed.

5. The Company Secretaries (Amendment) Bill, 2010 proposes to amend the Company Secretaries Act, 1980 to apply certain provisions of the Limited Liability Partnership Act, 2008 to the Company Secretaries Act, 1980 in order to allow the members of the professional institute governed by the Company Secretaries Act, 1980 to form the limited liability partnership and insert new definitions of “firm”, “partner”, “partnership” and “sole proprietorship” for the said purpose.

6. The Bill seeks to achieve the above objectives.

NEW DELHI;

SALMAN KHURSHID

The 15th April, 2010.

FINANCIAL MEMORANDUM

Clause 2 and clause 3 of the Bill seeks to extend the benefits of the Limited Liability Partnership Act, 2008 to the firms of company secretaries under the Company Secretaries Act, 1980. The provisions of the Bill will not involve any expenditure of recurring or non-recurring nature from the Consolidated Fund of India.

ANNEXURE

EXTRACTS FROM THE COMPANY SECRETARIES ACT, 1980

(57 OF 1980)

*	*	*	*	*
	2.	<i>(1)</i>	In this Act, unless the context otherwise requires,—	Definitions and interpretation.
*	*	*	*	*
	26.	<i>(1)</i>	No company, whether incorporated in India or elsewhere, shall practise as Company Secretaries.	Companies not to engage in Company Secretaryship.

RAJYA SABHA

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further to amend the Company Secretaries Act, 1980.

(Shri Salman Khurshid, Minister of Corporate Affairs)