

DE JURE NEXUS LAW JOURNAL

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2nd Year, BBA LL.B.**CORPORATE LAWS SCOPE IN INDIA AFTER COVID-19****Abstract**

Corporate law is the law that deals with the formation and the operations of the company. It helps in regulating the legal entities that are required to conduct the business. As the word itself suggests, corporate law exists to govern the corporation. It is through corporate law only that corporations remain operational. It makes the business easier instead of harder. Corporate laws make a business fair to everyone and make a corporation predictable so that others can rely on that particular corporation. In the current COVID scenario, the corporate law has been definitely hit by the hardships. Corporate firms that provide legal services are shut and providing services from home as much as they can. A corporate lawyer helps a firm by providing legal advice and services to a corporation. Due to COVID, there are some changes that have taken place in the field of corporate law. Some of those changes have been mentioned in this article.

Introduction

*“Corporate law is the body of laws, rules, regulations and practices that govern the formation and operation of corporations.”*¹ Basically, it is a body of rules that formulates the legal entities that are required to conduct a business. Corporate law comes under the ambit of civil law.

¹ <https://legalcareerpath.com/what-is-corporate-law/> [Accessed on 8/8/21]

Generally it is not considered a criminal law. In case of any dispute a corporation official generally goes to the civil court for the same. Corporate law is practised by corporate lawyers who work for different firms whether it is a large firm or a medium one. The need for corporate lawyer is must for big and medium firm because there are many legal issues faced by big firms in their day to day operations. Corporate lawyer provides cooperation with legal advices over some diverse issues.

To carry out work legally, a corporation seeks advices from the appointed corporate lawyer so that the firm does not face any problems in future. A corporate lawyer can also be needed in a small firm for some legal advices. In the current Covid situation corporate law has faced many issues as companies are facing many problems in their day to day running of the business. These problems may relate to purchasing and selling, importing and exporting etc. For all these purpose legal advice is must. The use of corporate law has been increased in the covid times as the situation requires more careful steps to be taken into the account for carrying out day to day task. Significant amount of corporate law measures have been made to tackle the situation.

Major characteristics of Corporate Law

If we talk about corporate law then these five principles are present which are very common to the corporate law. Below all of the five characteristics are discussed-

- 1. Legal personality-** All the owners pool their respective resources into a separate entity. That entity then can use those resources for the purpose of purchasing selling etc. It means a separate entity is created different from the owner that works on its own.
- 2. Limited liability-** The liabilities remain restricted to the corporation's assets in case the corporation is sued. A plaintiff cannot acquire money from the owner of the corporation.
- 3. Transferable shares-** The shares of a company are transferrable which means there is no need to shut a company in case the shareholder no longer wants the shares in the company. It helps to keep running a corporation over time.
- 4. Delegated management-** There is a complete structure of delegated management in the company, there are board of directors and officers. Board of directors are one above the officers. Major decisions of a company are taken up by the board of directors.

- 5. Investor ownership-** People who invest in the company definitely have say in the company but they are not directly liable for the running the of the company, besides that they also have a right to have a corporation's profit. Owners or investors are the one who elect the board member who make important decisions for the company.

Corporate laws in India

In India all the companies are required to register themselves under the ambit of Companies Act, 1956. Some of the most important corporate laws are discussed below-

- The company Act was introduced to consolidate and amend the laws relating to the company. This act was made in the year 1956.
- The next Act came in the year 1918 with the name of The Companies Act, 1918. This act was made to prohibit the alteration that was made in the Articles of association also known as AOA which restricted foreign interest in certain companies.
- Next act added further amendments to The Companies Act, 1956. This act was known by the name of Companies Act, 2006 which restricted a company to appoint and person as the director of the company who does not have director identification number which is also stated in the section 266B of the act.
- Competition Act of 2002 made sure that any activity related to anti-competitive tactics does not prevail. This act brought up the plan of sustainable competition in the market.
- The next act which is very important from the view of corporate law is the Foreign trade act, 1992 which helped in the development of the foreign trade by augmenting exports from India and facilitated imports into India.
- The next act which hold importance in the view of corporate law is The securities and exchange board of India act, 1992. This act was established to provide a base for the establishment of a board which helped in protecting the interests of the investors in the market and also to regulate and promote the security market².

Corporate Law measures

² <https://www.legalserviceindia.com/legal/article-696-all-about-corporate-law.html> [accessed on 8/8/21]

Keeping in mind the current Covid situation certain corporate law makers has been made to tackle the situation by many ministries. These measures are discussed below:

- MCA known as the India Ministry of corporate affairs announced that as the COVID-19 spreading across India, COVID-19 spending would now be covered under the activities of schedule VII under corporate social responsibility which is relating to the promotion to health, sanitation and disaster relief, preventive healthcare. This means that now any help related to the COVID-19 now will be called under the CSR contribution provided under respective schedule VII activities.
- The next announcement that Ministry of corporate affairs did was to provide all the Limited liability partnerships and all the companies in India to implement “Work from home” temporarily until 31 March 2020 to reduce the spread of COVID-19. These measures were immediately implemented and the companies were asked to report voluntarily reports on MCA web portal.
- Further, rules for holding Indian subsidiaries board meetings were relaxed for some time period till the things get back to as they were. They also mentioned that the requirement of holding meetings physically person to person related to board reports, financial statement etc, be suspended till the time situation gets back to normal. The extension to this rule kept happening as the COVID-19 was not stopping and kept on spreading, MCA extended this rule from 120 days to 60 days extension.
- Additional fees that was charged for late filing on the register of companies (ROC) forms were waived off.
- Under the current situation, the resident director of Indian subsidiary was given relief by removing the status of violation if the said party did not comply with the minimum mandatory requirement of a stay of 182 days in India under the Companies Act, 2013.
- Additional 6 months of time was given to the newly incorporated companies to file their commencement of business.
- The applicability of the company’s order was made applicable from 2020-21 instead of 2019-20, for the mere purpose to prevent the companies from additional compliance measures at this pandemic.
- Extension of time related to various compliances and procedure were given on a case by case basis.

Conclusion

From the above information we can clearly find out the meaning of corporate law and its importance in a business. Nowadays a company acquires their own lawyer who provides them with the legal advices. During the pandemic every business suffered and got into problems during the period. A legal advisor is the one providing help to business to combat the changes. Like all the sectors Corporate sector did not get affected much, the operations were carried out smoothly though there were some problems too as with the decision of MCA the some changes took place like cancelling all the meetings that took place physically, extending work from home rule etc. The changes that were made by MCA were much needed seeing the current situation of the covid as the ensuring safety to everyone upholds prime importance in these times. As we all know, due to the globalisation and Make in India project many new foreign industries has been setup which requires legal advices to set up. Which means that in coming years the need for corporate lawyers and important for the corporate law will increase in near future. Corporate law will ensure systematic working of the organisation.

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