IMPACT OF APPLICABILITY OF
THE COMPANIES ACT 2013 ON INDIA ECONOMY

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ABSTRACT

Companies Act 2013 is associate Act of the Parliament of India that regulates incorporation of a corporation, responsibilities of a corporation, directors, and dissolution of a corporation. The 2013 Act is split into twenty nine chapters containing 470 sections as against 658 Sections within the Companies Act, 1956 and has seven schedules. The Act has replaced the businesses Act, 1956 (in a partial manner) when receiving the assent of the President of India on August 29, 2013. The Act came into force on September 12, 2013 with few changes like earlier personal companies most range of member was fifty and currently it'll be two hundred. This paper focused on the new act enclosed in company Act 2013 and comparison of each of the acts.

KEYWORDS: *Companies Act 2013, Accountability, Indian Economy, Dissolution of a Corporation.*

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Introduction

The Ministry of Company Affairs thenceforth planned a draft notification for exempting personal companies from the extent of varied sections below the CompanyAct. On Feb 27, 2014, the MCA declared that Section a hundred thirty five of the Act that deals with company social responsibility can get impact from 1 April2014. On twenty six March 26, 2014, the MCA declared that another 83 sections are going to be notified from 1 April, 2014. National economy is depend on the corporate governance. It must influence growth, development of a country. Economic development is a complex and multidimensional process. Although it is commonplace to equate economic development with a high level and/or growth of per capita income, there is a growing consensus among economists and policymakers that development is much more than that.

Review of Literature

Study of different literature clarifies the direction and helps in developing hypothesis. Literature from 2009 to 2018 was studied for finding research gap and formulation of hypothesis.

Cracolici, M. F., Cuffaro, M., Nijkamp. (2009) combined relevant economic and 'non-economic' (mainly social) aspects of a country's performance in an integrated logical framework, in this paper. A structural simultaneous equation model is presented to explore the direction of the causal relationship between economic and non-economic aspects of a country's performance. On this basis first hypothesis is formulated.

Malul, M., Hadad, Y., & Ben-Yair, A. (2009) explored the measurement and rank nation-states' governance effectiveness and quality on a quantifying scientific basis, by means of data envelopment analysis.

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Au, K. F., & Eve, C. M. (2010) described in the paper Endowed with abundant supply of raw materials and low labor cost Asian countries have become the world's largest exporters of apparel products for the past few decades. In 2007, the value of Asian suppliers' total apparel exports to the world amounted to US$ 165 billion which represented 52% of the world's total apparel exports. The gravity trade model is utilized with an exploration at the aggregate level.

Research Methodology

There search design used for there search problem in hand is causal research as the objective is to determine which variable might becausing certain behavior, i.e. whether there is acause and effect relationship between variables. In order to determine cause and effect, it is important to hold the variable that is assumed to cause the changein the other variable(s), constant, and then measure the changes in the other variable(s). This type of research is very complex and the researcher can never be completely certain that there are no other factors influencing the causal relationship, especially when dealing with economic & social development and growth & performance of a country. Total 16 questions were framed, they are segregated in various dimensions, on the behalf of nature of questions

Objectives of the Study

- To understand the applicability Company Act 2013
- To Know the various concepts and provision under this act
- To know the impact of companies act on Indian economy

Hypothesis

H_1:   There is no significant impact of better transparency, accountability and adherence to high standards of corporate governance as per company act 2013 on Indian economy.

H_2:   There is no significant difference between Company Act 1956 and 2013.

Testing of Hypothesis

To test the hypothesis CHI SQAURE TEST and One way sample T- Test is used.

"Pearson's chi-squaredtest"

"Pearson's chi-squared" test is used to determine whether there is a statistically significant difference (i.e., a magnitude of difference that is unlikely to be due to chance alone) between the expected frequencies and the observed frequencies in one or more categories of a so-called contingency table

H1:   There is no significant impact of better transparency, accountability and adherence to high standards of corporate governance as per company act 2013 on Indian economy.

Crosstab			Impact			Total
			1.00	2.00	3.00	
Accountability	1.00	Count	76	10	6	92
		% within accountability	82.6%	10.9%	6.5%	100.0%
		% within impact	88.4%	41.7%	17.6%	63.9%
		% of Total	52.8%	6.9%	4.2%	63.9%
	2.00	Count	7	12	14	33
		% within accountability	21.2%	36.4%	42.4%	100.0%
		% within impact	8.1%	50.0%	41.2%	22.9%
		% of Total	4.9%	8.3%	9.7%	22.9%
	3.00	Count	3	2	14	19
		% within accountability	15.8%	10.5%	73.7%	100.0%
		% within impact	3.5%	8.3%	41.2%	13.2%
		% of Total	2.1%	1.4%	9.7%	13.2%
Total		Count	86	24	34	144
		% within accountability	59.7%	16.7%	23.6%	100.0%
		% within impact	100.0%	100.0%	100.0%	100.0%
		% of Total	59.7%	16.7%	23.6%	100.0%

By applying Chi-test on to verify hypothesis1 (positive impact of change in transparency, accountability and high standards of corporate governance due to introduction of Companies Act, 2013), the above observation are found.

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	68.873[a]	4	.000
Likelihood Ratio	68.008	4	.000
Linear-by-Linear Association	57.000	1	.000
N of Valid Cases	144		
a. 2 cells (22.2%) have expected count less than 5. The minimum expected count is 3.17.			

Thus, by applying the test, it could be held that the hypothesis H1 doesn't hold true. Thus, it could be believed that the introduction of Companies Act, 2013 was had a positive and favorable impact on transparency, accountability and high standards of corporate governance.

The One Sample t Test

"The One Sample t Test determines whether the sample mean is statistically different from a known or hypothesized population mean. The One Sample t Test is a parametric test. This test is also known as Single Sample t Test. The variable used in this test is known as Test variable.

Further by applying One Sample T- Test on the remaining questions, we can conclude that H6 doesn't hold true and there is significant difference between Company Act 1956 and 2013 on account of various factors. Some of the factors were included in our research and are listed below.

One-Sample Statistics				
	N	Mean	Std. Deviation	Std. Error Mean
Knowledge	144	1.4306	.65476	.05456
Protection	144	1.6181	.80206	.06684
CSR	144	1.7431	.58831	.04903
Better	144	1.5556	.73644	.06137
OPC	144	1.6042	.76842	.06404
Strict	144	1.6181	.74793	.06233
Correlation	144	1.5833	.74327	.06194
Rotation	144	1.7222	.70408	.05867
Coverage	144	1.4931	.71933	.05994
Conference	144	1.4931	.70954	.05913
Responsibility	144	1.4722	.70903	.05909
Public offer	144	1.5903	.77019	.06418
Declaration	144	1.4931	.71933	.05994
Independent	144	1.4722	.71882	.05990

One-Sample Test						
	Test Value = 0					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Knowledge	26.218	143	.000	1.43056	1.3227	1.5384
Protection	24.208	143	.000	1.61806	1.4859	1.7502
CSR	35.554	143	.000	1.74306	1.6461	1.8400
Better	25.347	143	.000	1.55556	1.4342	1.6769
OPC	25.051	143	.000	1.60417	1.4776	1.7307
Strict	25.961	143	.000	1.61806	1.4949	1.7413
Correlation	25.563	143	.000	1.58333	1.4609	1.7058
Rotation	29.353	143	.000	1.72222	1.6062	1.8382
Coverage	24.907	143	.000	1.49306	1.3746	1.6115
Conference	25.251	143	.000	1.49306	1.3762	1.6099
Responsibility	24.917	143	.000	1.47222	1.3554	1.5890
Public offer	24.777	143	.000	1.59028	1.4634	1.7171
Declaration	24.907	143	.000	1.49306	1.3746	1.6115
Independent	24.577	143	.000	1.47222	1.3538	1.5906

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Conclusion

Companies (Amendment) Bill, 2014 has brought significant changes and removed various practical difficulties in law in relation to common seal, strength of benches in case of winding up of the company, responsibility of audit committee and related party transaction. Whereas, these changes have removed various errors, but has raised many issues in relation to limit on disclosure of information to government by chartered accountant, provision in relation to meeting of the companies etc. It can be concluded with the passage of time the corporate sector becomes more and more integrated with the society there is need to incorporate necessary changes in corporate laws governing this sector and the companies. It is also noticed during the study that the Act, 2013 is more outward looking and attempts to align with international requirements. It is expected to set the tone for a more modern legislation which enables growth and greater regulation of the corporate sector in India. During the study it was found that the 2013 Act has been developed with a view to enhance self–regulation, improve corporate governance norms, enhance accountability on the part of corporate and auditors, raise levels of transparency and protect interests of investors, particularly small investors.

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