

# News

## MCA initiating healthy practice of Master Circulars

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On the footsteps of RBI, SEBI MCA too has initiated the practice of issuing master circulars and the initiative is much welcomed.

Recently, MCA has come up with a Master Circular on Prosecution of Directors. The Master Circular no. 1/2011 dated 29<sup>th</sup> July, 2011 has consolidated all the circulars issued till date in relation to the prosecution of directors. This master circular consolidates circular No.2/2003 dated 7.7.2003, No.08/2011 dated 25.3.2011, No.1/88/2010-CL.II dated 18.4.2011 and 47/2011 dated 14.7.2011 respectively and also has references of earlier issued circulars, circular No.42/7/73-CL.II dated 20.9.1973, circular No.6/98 dated 12.11.1998. The Circular covers the issues to be looked into, records and documents to be checked before initiating prosecution against directors including non-executive directors, nominee directors, government nominated directors and the other officers in default.

Master Circulars puts all fragments together and consolidates all circulars on a specific subject at the end of certain period. What is covered in the master circular is no more than the effective law, thus for the readers, it becomes much easier to read and understand effective provisions of the law, as on date. More such Master Circulars on the provisions of company law are expected to come soon.

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