



Companies Appointment and Qualification of Directors Amendment Rules 2021

The Ministry of Corporate Affairs (MCA) in order to widen the scope for the Companies to appoint an independent director has amended clause B of sub-rule 4 of Rule 6 of Companies (Appointment and Qualification of Directors) Rules, 2014 (hereinafter referred to as "**Rules, 2014**"). The amendment shall come into force on the date of its publication in the official gazette i.e., 19th August, 2021.

Currently, sub-rule 4, clause B of Rule 6 of Rules, 2014 provides that an individual shall not be required to pass the online proficiency self-assessment test when he has served for a total period of not less than three years as on the date of inclusion of his name in the data bank as a director or key managerial personnel in the pay scale of director or above in the Ministry of Corporate Affairs or the Ministry of Finance or Ministry of Commerce and Industry or the Ministry of Heavy Industries and Public Enterprises and having experience in handling the matters relating to corporate laws or securities laws or economic laws.

After the amendment sub-rule 4, clause B of Rule 6 shall be read as follows:-

"An individual shall not be required to pass the online proficiency self-assessment test when he has served for a total period of not less than three years as on the date of inclusion of his name in the data bank as director or key managerial personnel in the pay scale of Director or equivalent or above in any Ministry or Department, of the Central Government or any State Government, and having experience in handling:



(i) the matters relating to commerce, corporate affairs, finance, industry or public enterprises; or

(ii) the affairs related to Government companies or statutory corporations set up under an Act of Parliament or any State Act and carrying on commercial activities.”

And after the second proviso to Rule 6 of Rules 2014 the following proviso shall be inserted:-

“Provided also that the following individuals, who are or have been, for at least ten years:

(A) An advocate of a court; or

(B) In practice as a chartered accountant; or

(C) In practice as a cost accountant; or

(D) In practice as a company secretary,

shall not be required to pass the online proficiency self-assessment test.”.

This is a positive change as with this amendment, the scope of exclusion from online proficiency self-assessment test has been widened. Before the amendment, only the directors or above in the Ministry or Department of Central or State Governments with experience of at least three years in corporate laws, securities law s or economic laws were exempted from appearing for the test. But after this amendment, the directors or above in the Ministry or Department of Central or State Governments having at least three years of experience in any of the fields mentioned in the amended rule are eligible for exemption from the test.

Further, as per the amendment in the second proviso to rule 6 of Rules, 2014, the professionals i.e., advocates, chartered accountants, cost accountants and company secretaries, who have been in practice for the last ten years, need not pass the online proficiency self-assessment test. This amendment will further ease and simplify the eligibility for appointing the independent directors.

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