

CASE NO.:
Appeal (civil) 1748 of 1999

PETITIONER:
ANZ Grindlays Bank Limited & Ors., etc.

RESPONDENT:
Directorate of Enforcement & Ors., etc.

DATE OF JUDGMENT: 05/05/2005

BENCH:
K.G. Balakrishnan

JUDGMENT:
J U D G M E N T

WITH

Civil Appeal Nos. 1749/99, 1750/99, 1751 & 1944 of 1999,
Criminal Appeal Nos. 685, 684, 688 (@ of S.L.P.
[Crl.] Nos. 1940/04, 2599/03 4995/03; Writ Petition (Crl.)
No. 165/04, Criminal Appeal Nos. 847/04 and 848/04

K.G. BALAKRISHNAN, J.

Leave granted.

The appellant in Civil Appeal No. 1748 of 1999 filed a writ petition before the High Court of Bombay challenging various notices issued to them under Section 50 read with Section 51 of the Foreign Exchange Regulation Act, 1973 (for short, the FERA Act) and contended that the appellant company was not liable to be prosecuted for the offence under Section 56 of the FERA Act. In this appeal filed against the judgment of the Division Bench of the Bombay High Court, dated 7th November, 1998, the appellant contends that no criminal proceedings can be initiated against the appellant-company for the offence under Section 56(1) of the FERA Act as the minimum punishment prescribed under Section 56(1)(i) is imprisonment for a term which shall not be less than six months and with fine. Section 56 of the FERA Act, 1973 reads as follows :

"56. Offences and prosecutions - (1) Without prejudice to any award of penalty by the adjudicating officer under this Act, if any person contravenes any of the provisions of this Act (other than Section 13, clause (a) of sub-section (1) of section 18, Section 18A, clause (a) of sub-section (1) of section 19, sub-section (2) of section 44 and sections 57 and 58, or of any rule, direction or order made thereunder, he shall, upon conviction by a court, be punishable, --

(i) in the case of an offence the amount or value involved in which exceeds one lakh of rupees, with imprisonment for a term which shall not be less than six months, but which may extend to seven years and with fine:

Provided that the court may, for any adequate and special reasons to be mentioned in the judgment, impose a sentence of imprisonment for a term of less than six months.

(ii)\005\005.
(2)\005\005

(3)\005\005
(4)\005\005
(5)\005\005
(6)\005\005."

The contention of the appellants in other connected matters also is to the same effect that in a case where the offence is punishable with a mandatory sentence of imprisonment, the company cannot be prosecuted as the sentence of imprisonment cannot be enforced against the company. When the matter came up before the bench of three learned Judges of this Court, the decision in Assistant Commissioner, Assessment-II Bangalore & Ors vs. Velliappa Textiles Ltd & Anr. (2003) 11 SCC 405 was cited in support of that contention. The bench doubted the correctness of the above decision and by reference order dated 16.7.2004 reported in 2004(6) SCC 531, the matter has thus been placed before this Court by the learned Chief Justice of India for our decision.

The question that arises for consideration is whether a company or a corporate body could be prosecuted for offences for which the sentence of imprisonment is a mandatory punishment. In Velliappa Textiles' case (supra), by a majority decision it was held that the company cannot be prosecuted for offences which require imposition of a mandatory term of imprisonment coupled with fine. It was further held that where punishment provided is imprisonment and fine, the court cannot impose only a fine. In Velliappa Textiles, prosecution was launched against the respondent, a private limited company, for the offences punishable under Sections 276-C, 277 and 278 read with Section 278-B of the Income Tax Act. Under Section 276-C and 277 of the Income Tax Act, the substantive sentence provided is the sentence of imprisonment and fine. Speaking for the majority, one of us, (Srikrishna, J.) held that the first respondent company cannot be prosecuted for offences under Section 276-C, 277 and 278 read with Section 278-B since each of these sections requires the imposition of a mandatory term of imprisonment coupled with a fine and leaves no choice to the court to impose only a fine. The majority was of the view that the legislative mandate is to prohibit the courts from deviating from the minimum mandatory punishment prescribed by the Statute and that while interpreting a penal statute, if more than one view is possible, the court is obliged to lean in favour of the construction which exempts a citizen from penalty than the one which imposes the penalty. Following the decision in State of Maharashtra vs. Jugamander Lal AIR 1966 SC 940, it was held that the expression used is "imprisonment and fine" and the court is bound to award sentence of imprisonment as well as fine and that there is no discretion on the part of the court to impose only a fine and that the court cannot interpret the statutory provisions in a way so as to supply a lacuna in a statute.

The view expressed in Velliappa Textiles is seriously assailed before us by the Additional Solicitor General, Mr. Malhotra, who appeared for the respondents. Senior Counsel Shri KK Venugopal, Shri Andhiyarujina, Shri Ashok Desai and other counsel supported the contention that a company cannot be prosecuted for an offence, for which the mandatory sentence is imprisonment. Shri Ram Jethmalani appearing for the appellant in the appeal arising out of Special Leave Petition (Crl.) No. 4995 of 2003 supported the view that the company is liable to be prosecuted even if the offence is punishable both with a term of imprisonment and fine. He submitted that in case the company is found guilty, the sentence of imprisonment cannot be imposed on the company and then the sentence of fine is to be imposed and the court has got the judicial discretion to do so. He further submitted that this course is open only in the case where the company is found guilty but if a natural person is so found guilty,

both sentence of imprisonment and fine are to be imposed on such person.

There is no dispute that a company is liable to be prosecuted and punished for criminal offences. Although there are earlier authorities to the effect that corporations cannot commit a crime, the generally accepted modern rule is that except for such crimes as a corporation is held incapable of committing by reason of the fact that they involve personal malicious intent, a corporation may be subject to indictment or other criminal process, although the criminal act is committed through its agents.

As in the case of torts, the general rule prevails that the corporation may be criminally liable for the acts of an officer or agent, assumed to be done by him when exercising authorized powers, and without proof that his act was expressly authorized or approved by the corporation. In the statutes defining crimes, the prohibition is frequently directed against any "person" who commits the prohibited act, and in many statutes the term "person" is defined. Even if the person is not specifically defined, it necessarily includes a corporation. It is usually construed to include a corporation so as to bring it within the prohibition of the statute and subject it to punishment. In most of the statutes, the word "person" is defined to include a corporation. In Section 11 of the Indian Penal Code, the "person" is defined thus :

"The word "person" includes any Company or Association or body of persons, whether incorporated or not."

Therefore, as regards corporate criminal liability, there is no doubt that a corporation or company could be prosecuted for any offence punishable under law, whether it is coming under the strict liability or under absolute liability.

Inasmuch as all criminal and quasi-criminal offences are creatures of statute, the amenability of the corporation to prosecution necessarily depends upon the terminology employed in the statute. In the case of strict liability, the terminology employed by the legislature is such as to reveal an intent that guilt shall not be predicated upon the automatic breach of the statute but on the establishment of the actus reus. subject to the defence of due diligence. The law is primarily based on the terms of the statutes. In the case of absolute liability where the legislature by the clearest intendment establishes an offence where liability arises instantly upon the breach of the statutory prohibition, no particular state of mind is a prerequisite to guilt. Corporations and individual persons stand on the same footing in the face of such a statutory offence. It is a case of automatic primary responsibility. It is only in a case requiring mens rea, a question arises whether a corporation could be attributed with requisite mens rea to prove the guilt. But as we are not concerned with this question in these proceedings, we do not express any opinion on that issue.

In series of offences punishable under various statutes, sentence of imprisonment and fine are prescribed as the punishment. In some of these enactments, for certain offences a minimum period of imprisonment is prescribed as punishment. Under Section 56(1)(i) of the FERA Act, in respect of certain offences, if the amount or value involved therein exceeds one lakh of rupees, the punishment prescribed is imprisonment for a term which shall not be less than six months, but which may extend to seven years and with fine. In any other case, the punishment prescribed is imprisonment for a term which may extend to three years or with fine or with both.

Going by the provisions in Section 56 of the FERA Act, if the view expressed in Velliappa Textiles is accepted as correct law, the company could be prosecuted for an offence involving rupees one lakh or less and be punished as the option is given to the court to impose a sentence of imprisonment or fine, whereas in the case of an offence involving an amount or value exceeding rupees one lakh, the court is not given a discretion to impose imprisonment or fine and therefore, the company cannot be prosecuted as the custodial sentence cannot be imposed on it.

The legal difficulty arising out of the above situation was noticed by the Law Commission and in its 41st Report, the Law Commission suggested amendment to Section 62 of the Indian Penal Code by adding the following lines :

"In every case in which the offence is only punishable with imprisonment or with imprisonment and fine and the offender is a company or other body corporate or an association of individuals, it shall be competent to the court to sentence such offender to fine only."

This recommendation got no response from the Parliament and again in its 47th Report, the Law Commission in paragraph 8(3) made the following recommendation :

"In many of the Acts relating to economic offences, imprisonment is mandatory. Where the convicted person is a corporation, this provision becomes unworkable, and it is desirable to provide that in such cases, it shall be competent to the court to impose a fine. This difficulty can arise under the Penal Code also, but it is likely to arise more frequently in the case of economic laws. We, therefore, recommend that the following provision should be inserted in the Penal Code as, say, Section 62:

- (1) In every case in which the offence is punishable with imprisonment only or with imprisonment and fine, and the offender is a corporation, it shall be competent to the court to sentence such offender to fine only.
- (2) In every case in which the offence is punishable with imprisonment and any other punishment not being fine, and the offender is a corporation, it shall be competent to the court to sentence such offender to fine.
- (3) In this section, "corporation" means an incorporated company or other body corporate, and includes a firm and other association of individuals."

But the Bill prepared on the basis of the recommendations of the Law Commission lapsed and it did not become law. However few of these recommendations were accepted by the Parliament and by suitable amendment some of the provisions in the taxation statutes were amended.

The question whether a company could be prosecuted for an offence for which mandatory sentence of imprisonment is provided continued to agitate the minds of the courts and jurists and the law continued to be the old law despite the recommendations of the Law Commission and the difficulties were expressed by the superior courts in

many decisions.

The question under consideration is that where an accused is found guilty and the punishment to be imposed is imprisonment and fine, whether the court has got the discretion to impose the sentence of fine alone. Senior counsel Shri Jethmalani contended that if a corporate body is found guilty of the offence committed, the court, though bound to impose the sentence prescribed under law, has the discretion to impose the sentence of imprisonment or fine as in the case of a company or corporate body the sentence of imprisonment cannot be imposed on it and as the law never compels to do anything which is impossible, the court has to follow the alternative and impose the sentence of fine. The counsel also hastened to add that this discretion could be exercised only in respect of juristic persons and not in respect of natural persons. It was contended that by doing so, the court does not alter the provisions of the law by interpretation, but only carry out the mandate of the legislature. Senior counsel appearing for other appellants, on the other hand, contended that the Parliament enacted laws knowing fully well that the company cannot be subjected to custodial sentence and therefore the legislative intention is not to prosecute the companies or corporate bodies and when the sentence prescribed cannot be imposed, the very prosecution itself is futile and meaningless and thus the majority decision in Velliappa Textiles has correctly laid down the law. The counsel on either side drew our attention to various decisions on the point.

Different High Courts have taken different views on this question. In State of Maharashtra vs. Syndicate Transport 1963 Bom. L.R. 197, it was held that the company cannot be prosecuted for offences which necessarily entail consequences of a corporal punishment or imprisonment and prosecuting a company for such offences would only result in the court stultifying itself by embarking on a trial in which the verdict of guilty is returned and no effective order by way of sentence can be made.

In Kusum Products Limited vs. S.K. Sinha, ITO, Central Circle-X, Calcutta 126 ITR 804 (1980), the Calcutta High Court took the view that even though the definition of "person" under Section 232(3)(i) is wide enough to include a company or a juristic person, the word "person" could not have been used by Parliament in Section 277 (Income Tax Act) in the sense given in the definition clause. It was further held that the intention of the Parliament is otherwise because imprisonment has been made compulsory for an offence under Section 277 of the Act and a company being a juristic person cannot possibly be sent to prison and it is not open to court to impose a sentence of fine or allow to award any punishment if the court finds the company guilty under the said Section, and if the court does it, it would be altering the very scheme of the Act and usurping the legislative function.

In Badsha vs. Income Tax Officer 1987 (1) K.L.T. 112 Justice Thomas, J., as he then was, following the decision of the Allahabad High Court in Modi Industries Limited vs. B.C. Goel 144 ITR 496 (1983), held that "A company registered under the Companies Act, 1956 is a juristic person and cannot be awarded the punishment of imprisonment and hence cannot be prosecuted for breach of Sections 277 and 278 of the Act" and therefore the court held that the first accused being a firm was not liable to be prosecuted for offences under Section 277 and 278.

In P.V. Pai vs. R.L. Rinawma, Dy. Commissioner, Income Tax, (1993) 2 Comp. L.J, 314 (Karn.), it was held that imprisonment alone was the punishment that could be imposed on a person found guilty and that the legislature intended that the offence under Section 277 should be met with punishment of compulsory imprisonment and fine, and courts have no jurisdiction to impose fine only and if that is

done it would be altering the very scheme of the Act.

It is also pertinent to make reference to the decision of this Court in *State of Maharashtra vs. Jugamander Lal* AIR 1966 SC 940. That was a case where the accused was found guilty under Section 3(1) of Suppression of Immoral Traffic in Women & Girls Act, 1956. Under Section 3(1) of that Act, any person found guilty shall be punishable on his first conviction with rigorous imprisonment for a term of not less than one year and not more than three years and also with fine which may extend to two thousand rupees. The High Court took the view that the word "punishable" used in the Section postulated a discretion on the court to impose a sentence of imprisonment or a sentence of fine or both. But this Court held that in the context in which the word "punishable" has been used in Section 3(1), it is impossible to construe it as giving any discretion to the court in the matter of determining the nature of sentences to be passed in respect of a contravention of the provision. By using the expression "shall be punishable" the legislature has made it clear that the offender shall not escape the penal consequences. What the consequences are to be are then specified in the provision and they are rigorous imprisonment for a period not less than one year and not more than three years and also a fine which may extend to Rs.2,000/-. These are the punishments with respect to a first offence and higher punishments are prescribed in respect of a subsequent offence. By saying that a person convicted of the offence shall be sentenced to imprisonment of not less than one year, the Legislature has made it clear that the command is to award a sentence of imprisonment in every case of conviction. It is difficult to conceive of clearer language for couching such command.

The counsel for the appellant relying on the above decision contended that when the Section commands the punishment for imprisonment and fine, the court is not left with any discretionary power to alter the sentence and that would amount to re-writing the provisions of the law.

Contrary view has been taken in series of other decisions to which our attention was drawn.

A full Bench of the Delhi High Court in *Delhi Municipality vs. J.B. Bottling Company* 1975 CrL. L.J. 1148 considered a similar question. The respondent-company was found guilty under Section 7 read with Section 16 of the Prevention of Food Adulteration Act, and was fined rupees five thousand. The respondent-company filed an appeal and contended that for the offence under Section 16 of the Prevention of Food Adulteration Act, the minimum period of six months imprisonment is prescribed and the company is immune from prosecution as the sentence contemplated under law cannot be imposed on it. The Court held that:

"The office of the judges is always to make construction as shall suppress the mischief and advance the remedy and therefore it will stay its hand in passing the sentence which will be impossible to execute but pass only such sentence which can be executed, namely, fine. The proviso to Section 16 applies only to the three classes of offences mentioned therein and as compared to the rest of the offences contemplated by the Act are of less serious nature and if indictment of the company is confined to only those offences which are covered by the proviso, then not only the intention of the legislature is defeated, but the provisions of Section 16(1-D) and Section 18 are also to that extent rendered nugatory, insofar as the offences are committed by the companies".

In *Oswal Vanaspati & Allied Industries vs. State of Uttar Pradesh* (1993) 1 Comp. L.J. 172 (All.), the appellant-company sought to quash the complaint filed against it by the Food Inspector under various sections of the Act alleging that the company cannot be prosecuted for an offence under Section 16 of the Act as the sentence of imprisonment provided under that section after its amendment by the Prevention of Food Adulteration (Amendment) Act No. 34 of 1976 which is mandatory cannot be awarded to it. In paragraph 7, the Full Bench of the Allahabad High Court held as follows :

"A company being a juristic person cannot obviously be sentenced to imprisonment as it cannot suffer imprisonment. The question that requires determination is whether a sentence of fine alone can be imposed on it under Section 16 of the Act or whether such a sentence would be illegal and hence cannot be awarded to it. It is settled law that sentence or punishment must follow conviction; and if only corporal punishment is prescribed, a company which is a juristic person cannot be prosecuted as it cannot be punished. If, however, both sentence of imprisonment and fine is prescribed for natural persons and juristic persons jointly, then, though the sentence of imprisonment cannot be awarded to a company, the sentence of fine can be imposed on it. Thus it cannot be held that in such a case the entire sentence prescribed cannot be awarded to a company as a part of the sentence, namely, that of fine can be awarded to it. Legal sentence is the sentence prescribed by law. A sentence which is in excess of the sentence prescribed is always illegal; but a sentence which is less than the sentence prescribed may not in all cases be illegal."

It is also appropriate to make reference to a decision of the United States Supreme Court. The judgment was rendered in *United States vs. Union Supply Company* 54 Law. Ed. 87 by Justice Holmes. There was an indictment of a corporation for willfully violating the sixth section of the Act of Congress of 1902 and any person who willfully violates any of the provisions of this Section shall, for each such offence, be liable to be punished with fine not less than fifty dollars and not exceeding five hundred dollars, and imprisonment for not less than 30 days, nor more than six months. It is interesting to note that for the offence under Section 5, the Court had discretionary power to punish by either fine or imprisonment, whereas under Section 6, both punishments were to be imposed in all cases. The plea of the company was rejected and it was held :

"It seems to us that a reasonable interpretation of the words used does not lead to such a result. If we compare Section 5, the application of one of the penalties rather than of both is made to depend, not on the character of the defendant, but on the discretion of the Judge; yet, there, corporations are mentioned in terms. And if we free our minds from the notion that criminal statutes must be construed by some artificial and conventional rule, the natural inference, when a statute prescribes two independent penalties, is that it means to inflict them so far as it can, and that, if one of them is impossible, it does not mean, on that account, to let the defendant escape."

The Counsel for the appellant contended that the penal provision in the statute is to be strictly construed. Reference was made to

Tolaram Relumal and another Vs. The State of Bombay 1955(1) SCR 158 at 164 and Girdhari Lal Gupta Vs. D.H. Mehta and another 1971(3) SCC 189. It is true that all penal statutes are to be strictly construed in the sense that the Court must see that the thing charged as an offence is within the plain meaning of the words used and must not strain the words on any notion that there has been a slip that the thing is so clearly within the mischief that it must have been intended to be included and would have included if thought of. All penal provisions like all other statutes are to be fairly construed according to the legislative intent as expressed in the enactment. Here, the legislative intent to prosecute corporate bodies for the offence committed by them is clear and explicit and the statute never intended to exonerate them from being prosecuted. It is sheer violence to commonsense that the legislature intended to punish the corporate bodies for minor and silly offences and extended immunity of prosecution to major and grave economic crimes.

The distinction between a strict construction and a more free one has disappeared in modern times and now mostly the question is "what is true construction of the statute?" A passage in Craies on Statute Law 7th Edn. reads to the following effect :

"The distinction between a strict and a liberal construction has almost disappeared with regard to all classes of statutes, so that all statutes, whether penal or not, are now construed by substantially the same rules. 'All modern Acts are framed with regard to equitable as well as legal principles.' "A hundred years ago", said the court in Lyons' case, "statutes were required to be perfectly precise and resort was not had to a reasonable construction of the Act, and thereby criminals were often allowed to escape. This is not the present mode of construing Acts of Parliament. They are construed now with reference to the true meaning and real intention of the legislature."

At page-532 of the same book, observations of Sedgwick are quoted as under:

"The more correct version of the doctrine appears to be that statutes of this class are to be fairly construed and faithfully applied according to the intent of the legislature without unwarrantable severity on the one hand or unjustifiable lenity on the other, in cases of doubt the courts inclining to mercy."

The question, therefore, is what is the intention of the legislature. It is an undisputed fact that for all the statutory offences, company also could be prosecuted as the "person" defined in these Acts includes "company, or corporation or other incorporated body."

Even for offences under Section 56(1)(ii) FERA Act, the company could be prosecuted as the amount involved is less than rupees one lakh and there is no mandatory sentence of imprisonment and the prescribed punishment is imprisonment for a term which may extend to three years or with fine or with both. It is also pertinent to note that the object of the amendment was to have more stringent provisions where the amount involved in the offence is more than rupees one lakh. It is not reasonably possible to assume that amendment to the Section was carried out to give immunity to corporate bodies from prosecution for serious offences. The scheme of the Indian Penal Code also would show that for serious and graver

offences, mandatory sentence of imprisonment is prescribed and for less serious offences the court is given a discretionary power of imprisonment or fine.

In the case of penal code offences, for example under Section 420 of the Indian Penal Code, for cheating and dishonestly inducing delivery of property, the punishment prescribed is imprisonment of either description for a term which may extend to seven years and shall also be liable to fine; and for the offence under Section 417, that is, simple cheating, the punishment prescribed is imprisonment of either description for a term which may extend to one year or with fine or with both. If the appellants' plea is accepted that for the offence under Section 417 IPC, which is an offence of minor nature, a company could be prosecuted and punished with fine whereas for the offence under Section 420, which is an aggravated form of cheating by which the victim is dishonestly induced to deliver property, the company cannot be prosecuted as there is a mandatory sentence of imprisonment.

So also there are several other offences in the Indian Penal Code which describe offences of serious nature whereunder a corporate body also may be found guilty, and the punishment prescribed is mandatory custodial sentence. There are series of other offences under various statutes where accused are also liable to be punished with custodial sentence and fine.

The contention of the appellants is that when an offence is punishable with imprisonment and fine, the court is not left with any discretion to impose any one of them and consequently the company being a juristic person cannot be prosecuted for the offence for which custodial sentence is the mandatory punishment. If the custodial sentence is the only punishment prescribed for the offence, this plea is acceptable, but when the custodial sentence and fine are the prescribed mode of punishment, the court can impose the sentence of fine on a company which is found guilty as the sentence of imprisonment is impossible to be carried out. It is an acceptable legal maxim that law does not compel a man to do that which cannot possibly be performed [impotentia excusat legem]. This principle can be found in Bennion's Statutory Interpretation 4th Edn. At page 969. "All civilized systems of law import the principle that *lex non cogit ad impossibilia*." As Patterson, J. said "the law compels no impossibility". Bennion discussing about legal impossibility at page 970 states that, "If an enactment requires what is legally impossible it will be presumed that Parliament intended it to be modified so as to remove the impossibility element. This Court applied the doctrine of impossibility of performance [*Lex non cogit ad impossibilia*] in numerous cases [State of Rajasthan vs. Shamsher Singh, 1985(Supp.) SCC 416; Special Reference No. 1 of 2002 reported in 2002(8) SCC 237].

As the company cannot be sentenced to imprisonment, the court has to resort to punishment of imposition of fine which is also a prescribed punishment. As per the scheme of various enactments and also the Indian Penal Code, mandatory custodial sentence is prescribed for graver offences. If the appellants' plea is accepted, no company or corporate bodies could be prosecuted for the graver offences whereas they could be prosecuted for minor offences as the sentence prescribed therein is custodial sentence or fine. We do not think that the intention of the Legislature is to give complete immunity from prosecution to the corporate bodies for these grave offences. The offences mentioned under Section 56(1) of the FERA Act, 1973, namely those under Section 13, clause (a) of sub-section (1) of Section 18; Section 18A; clause (a) of sub-section (1) of Section 19; sub-section (2) of Section 44, for which the minimum sentence of six months' imprisonment is prescribed, are serious offences and if committed would have serious financial consequences affecting the economy of the country. All those

offences could be committed by company or corporate bodies. We do not think that the legislative intent is not to prosecute the companies for these serious offences, if these offences involve the amount or value of more than one lakh, and that they could be prosecuted only when the offences involve an amount or value less than one lakh.

As the company cannot be sentenced to imprisonment, the court cannot impose that punishment, but when imprisonment and fine is the prescribed punishment the court can impose the punishment of fine which could be enforced against the company. Such a discretion is to be read into the Section so far as the juristic person is concerned. Of course, the court cannot exercise the same discretion as regards a natural person. Then the court would not be passing the sentence in accordance with law. As regards company, the court can always impose a sentence of fine and the sentence of imprisonment can be ignored as it is impossible to be carried out in respect of a company. This appears to be the intention of the legislature and we find no difficulty in construing the statute in such a way. We do not think that there is a blanket immunity for any company from any prosecution for serious offences merely because the prosecution would ultimately entail a sentence of mandatory imprisonment. The corporate bodies, such as a firm or company undertake series of activities that affect the life, liberty and property of the citizens. Large scale financial irregularities are done by various corporations. The corporate vehicle now occupies such a large portion of the industrial, commercial and sociological sectors that amenability of the corporation to a criminal law is essential to have a peaceful society with stable economy.

We hold that there is no immunity to the companies from prosecution merely because the prosecution is in respect of offences for which the punishment prescribed is mandatory imprisonment. We overrule the views expressed by the majority in Velliappa Textiles on this point and answer the reference accordingly. Various other contentions have been urged in all appeals, including this appeal, they be posted for hearing before appropriate bench.