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**STANDING COMMITTEE ON FINANCE**  
**(2024-25)**

**EIGHTEENTH LOK SABHA**

**MINISTRY OF CORPORATE AFFAIRS**

**[Action taken by the Government on the Observations/Recommendations contained  
in the Third Report of the Standing Committee on Finance on 'Demands for Grants  
(2024-25) of the Ministry of Corporate Affairs']**

**SIXTEENTH REPORT**



**LOK SABHA SECRETARIAT**  
**NEW DELHI**

***July, 2025/ Sravana, 1947 (Saka)***

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**[Action taken by the Government on the Observations/Recommendations contained in the Third Report of the Standing Committee on Finance on 'Demands for Grants (2024-25) of the Ministry of Corporate Affairs']**

***Presented to Lok Sabha on 31 July, 2025***

***Laid in Rajya Sabha on 31 July, 2025***



**LOK SABHA SECRETARIAT  
NEW DELHI**

***July, 2025/ Sravana, 1947 (Saka)***

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## **COMPOSITION OF STANDING COMMITTEE ON FINANCE (2024-25)**

**Shri Bhartruhari Mahtab - Chairperson**

### **MEMBERS**

#### **LOK SABHA**

2. Shri Arun Bharti
3. Shri P. P. Chaudhary
4. Shri Lavu Sri Krishna Devarayalu
5. Shri Gaurav Gogoi
6. Shri K. Gopinath
7. Shri Suresh Kumar Kashyap
8. Shri Kishori Lal
9. Shri Harendra Singh Malik
10. Shri Chudasama Rajeshbhai Naranbhai
11. Thiru Arun Nehru
12. Shri N. K. Premachandran
13. Dr. C. M. Ramesh
14. Smt. Sandhya Ray
15. Prof. Sougata Ray
16. Shri P. V. Midhun Reddy
17. Dr. Jayanta Kumar Roy
18. Dr. K. Sudhakar
19. Shri Manish Tewari
20. Shri Balashowry Vallabhaneni
21. Shri Prabhakar Reddy Vemireddy

#### **RAJYA SABHA**

22. Shri P. Chidambaram
23. Shri Milind Murli Deora
24. Dr. Ashok Kumar Mittal
25. Shri Yerram Venkata Subba Reddy
26. Shri S. Selvaganabathy
27. Shri Sanjay Seth
28. Dr. Dinesh Sharma
29. Smt. Darshana Singh
30. Dr. M. Thambidurai
31. Shri Pramod Tiwari

### **SECRETARIAT**

- |                             |                  |
|-----------------------------|------------------|
| 1. Shri Gaurav Goyal        | Joint Secretary  |
| 2. Shri Vinay Pradeep Barwa | Director         |
| 3. Shri T. Mathivanan       | Deputy Secretary |

## **INTRODUCTION**

I, the Chairperson of the Standing Committee on Finance, having been authorized by the Committee, present this Sixteenth Report on action taken by Government on the Observations/Recommendations contained in the Third Report of the Committee (Eighteenth Lok Sabha) on Demands for Grants (2024-25) of the Ministry of Corporate Affairs.

2. The Third Report was presented to Lok Sabha / laid on the table of Rajya Sabha on 06 December, 2024. The Action Taken Notes on the Observations/Recommendations were received from Ministry of Corporate Affairs on 05 March, 2025.

3. The Committee considered and adopted this Report at their sitting held on 29 July, 2025.

4. An analysis of the action taken by the Government on the recommendations contained in the Third Report of the Committee is given in the Appendix.

5. For facility of reference, the Observations/Recommendations of the Committee have been printed in bold in the body of the Report.

6. The Committee would also like to place on record their deep sense of appreciation for the invaluable assistance rendered to them by the officials of Lok Sabha Secretariat attached to the Committee.

**New Delhi;  
29 July, 2025  
07 Sravana, 1947 (Saka)**

**Bhartruhari Mahtab  
Chairperson,  
Standing Committee on Finance**

## REPORT

### CHAPTER – I

This Report of the Standing Committee on Finance deals with action taken by Government on the Observations/Recommendations contained in their 3<sup>rd</sup> Report (Eighteenth Lok Sabha) on Demands for Grants (2024-25) of the Ministry of Corporate Affairs which was presented to Lok Sabha / laid in Rajya Sabha on 06<sup>th</sup> December, 2024.

2. The Action Taken Notes were received from Ministry of Corporate Affairs on 05<sup>th</sup> March, 2025. The Action Taken Notes have been received from the Government in respect of all the 07 recommendations contained in the Report. The replies have been analyzed and categorized as follows:

- (i) Observations/Recommendations that have been accepted by the Government:

Recommendation Nos. 1, 2, 3, 4, 5, 6 and 7

(Total - 07)  
(Chapter- II)

- (ii) Observations/Recommendations which the Committee do not desire to pursue in view of the Government's replies:

(Total -NIL)  
(Chapter- III)

- (iii) Observations/Recommendations in respect of which replies of Government have not been accepted by the Committee:

(Total -NIL)  
(Chapter- IV)

- (iv) Observations/Recommendations in respect of which final replies by the Government are still awaited:

(Total -NIL)  
(Chapter- V)

3. The Committee will now deal with and comment upon the action taken by the Government on some of their recommendations.

## **Recommendation (Serial No. 4)**

### **Serious Fraud Investigation Office (SFIO)**

4. The Committee note that the Serious Fraud Investigation Office (SFIO) has completed more than twenty years since its establishment in July 2003. The SFIO was accorded statutory status under the Companies Act, 2013 in 2015, a move necessitated by the major failures of non-banking financial institutions and stock market scams. The Committee observe that over the years, the budgetary allocation for SFIO has seen a gradual increase, with a downward jump in the Budget Estimates (BE) from Rs. 54.92 crore in 2023-24 to Rs. 43.01 crore in 2024-25, reflecting the growing responsibilities of the SFIO.

The Committee further note that the SFIO faces significant vacancies, with 116 of its 238 sanctioned posts unfilled. Despite efforts to recruit, 43 posts remain for deputation and 27 for direct recruitment, slowing its capacity to handle investigations. Additionally, the SFIO has a backlog of cases, with 74 pending as of October 2024, and the average age of pending complaints is alarmingly high at 184 months, indicating delayed resolutions.

The Committee recognize that despite these challenges, the SFIO has achieved 374 successful prosecutions out of 511 disposed complaints, with a conviction rate of 73.2%. The Ministry is improving performance through upgrades to the Computer Forensic Data Mining Lab (CFDML), enhancements to the Summon & Notice Management System (SNMS), and the creation of panels for CA firms and legal counsel to assist with investigations.

Given these circumstances, the Committee strongly recommend that the Ministry expedite the process of filling all vacant posts within SFIO within the current financial year. The Committee feel that the enhancement in budget should be fully utilized towards this goal. Moreover, the Committee urge the Ministry to ensure that by the next financial year,

all sanctioned positions in SFIO are filled. The Committee believe that this will enable the SFIO to handle its growing caseload more efficiently and expedite the resolution of pending cases, thus strengthening its role in combating financial fraud and white-collar crimes. The Committee hope that with a fully staffed workforce and upgraded technological infrastructure, the SFIO will be better positioned to meet its growing mandate and deliver timely results in the coming years.

5. In their action taken reply, the Ministry of Corporate Affairs has furnished the following written submission:-

*“SFIO has a sanctioned strength of 238, out of which 134 are filled up at present. Filling up of vacant positions is an ongoing process as the vacant posts are required to be filled on repatriation of officers on completion of deputation tenure. Accordingly, advertisements to fill vacant posts on deputation (ISTC basis) are issued from time to time. Rigorous efforts are being made to fill up the remaining vacant posts as under:*

*A. For posts under Direct recruitment:*

- 1. UPSC has recommended 12 officers [Assistant Director (CL). Offer of appointment has been issued to the candidates and 5 have already joined this office and the remaining are in the process.*
- 2. UPSC has also recommended 12 officers (Prosecutors) for which issuance of offer of appointment is under process.*
- 3. Action is also in progress to fill 05 posts [02 posts of AD (Banking) and 03 posts of AD (CL) through UPSC.*
- 4. Requisition to fill 04 posts of Stenographers and 01 post of Assistant has already been submitted to SSC through MCA.*

*B. For positions under Deputation (ISTC):*

- 1. 14 officers have already been recommended for appointment on deputation basis and offer letters have been issued to the candidates. 7 have joined office till date.*



2. *Interviews have already been conducted for 05 posts on deputation and the follow up action is being taken.”*

6. The Committee appreciate the Ministry's proactive commitment to tackling the persistent staffing shortages within the Serious Fraud Investigation Office (SFIO). The Committee observe the Ministry's earnest efforts, including leveraging UPSC recommendations for critical roles like Assistant Directors and Prosecutors, submitting formal requisitions to the Staff Selection Commission, and actively pursuing deputation-based appointments. These initiatives are a clear signal of the Ministry's dedication to addressing the significant deficit of 104 vacant positions out of a sanctioned strength of 238. However, despite these commendable procedural advancements, the Committee note with concern that the current recruitment trajectory, while active, isn't meeting expectations for a timely and comprehensive workforce augmentation within the SFIO. The very nature of "ongoing processes" for deputation-based roles inherently creates a perpetual state of organizational flux, posing a consistent challenge to achieving and maintaining a full staff complement. This protracted timeline for filling a substantial proportion of the remaining vacancies significantly hinders the SFIO's core capacity to judiciously manage its burgeoning investigative caseload and efficiently resolve complex financial malfeasance. This issue is particularly pressing given the alarming average age of pending complaints, which currently languishes at 184 months.

The Committee stress the critical need for a more decisive and agile approach to rapidly fill the SFIO's formidable human capital vacancies. This necessitates a time-bound, comprehensive recruitment drive encompassing both

**direct hiring and deputation. For mission-critical roles, a judicious balance between deputation and direct recruitment is paramount to ensure continuity and preserve institutional memory, thereby significantly enhancing the SFIO's capacity to combat sophisticated financial fraud and white-collar crime with increased alacrity and prosecutorial rigor.**

### **Recommendation (Serial No.6)**

#### **Investor Education and Protection Fund (IEPF) Authority**

7. The Committee observe that the Investor Education and Protection Fund (IEPF) Authority, established under Section 125 of the Companies Act, 2013, has made significant strides in investor education, awareness, and protection. However, it faces challenges, including unfilled vacancies, underutilization of allocated funds, and a growing backlog of claims, which hinder its ability to perform optimally. The Committee note that as of 2024-25, 15 vacant posts remain unfilled out of 29 sanctioned positions, significantly limiting the Authority's capacity to manage claims and ensure timely refunds. Despite increasing claim filings, with 55,032 claims submitted in 2023-24, the number of pending claims has surged to 43,226. The Committee further note that the allocated budget for 2023-24, which stood at ₹9.13 crore, was not fully utilized, with only ₹8.17 crore being spent due to staffing constraints and slow administrative processes. For 2024-25, the Ministry requested ₹11.11 crore in BE, but only ₹7.70 crore was allocated due to overall budget reductions. Consequently, ₹11.07 crore is being sought in RE 2024-25 to address funding gaps. The Committee feel that the underutilization of allocated funds for 2023-24 and the reduction in budget allocation for 2024-25 due to staffing issues and budget cuts raises concerns about efficient fund utilization and the potential impact on Ministerial operations.

The Committee recognize that the IEPF Authority has successfully implemented various awareness programs, holding over 85,000 events to promote investor literacy. However, the Committee feel with the high rate of claim rejections and delays in the claims process, there remains considerable scope for improvement. In light of these challenges, the Committee recommend the following:

- (1) Fill the 15 vacant posts by the end of this financial year and ensure all positions are filled by the next year, while optimizing fund utilization to effectively manage claims and enhance investor education.
- (2) Prioritize IT integration across MCA21, NSDL/CDSL, and PFMS to automate claims processing, reduce delays, and ensure faster, accurate refunds by next financial year.
- (3) Revise the claims rejection process, as 30,884 claims were rejected in 2023-24. Ensuring thorough verification before rejection will reduce avoidable rejections and increase transparency.
- (4) Enhance the investor support by providing clearer documentation guidelines and improving access to claim resources. Collecting additional data on claim types and demographics will help tailor support initiatives to better meet investor needs.
- (5) Evaluate international innovative best practices and strategies from leading international benchmarks. By assessing and adopting relevant strategies that align with India's regulatory environment, the Ministry can strengthen and enhance the efficiency of the country's investor protection ecosystem.

8. In their action taken reply, the Ministry of Corporate Affairs has furnished the following written submission:

*Reply to Recommendation [Serial No. 6(1)]*

*“There are 29 sanctioned posts in the Authority which are filled up either through deputation (20) or on regular basis (09). Out of 29 posts, 16 (09 on deputation and 07 on regular basis) officers/officials are in place. However, to compensate the shortage of staff in IEPFA 03 ICLS officers (2-DD & 1-AD) have been temporarily posted on loan basis. In order to reduce pendency, 8 ICLS officers were given on loan basis for a period of 3 months from January 2025 as a special case.*

*Out of 29 sanctioned posts, 16 posts are filled up and 13 posts are vacant. The detail of 13 vacant post are as under:*

(As on 17.02.2025)

<b>Name of the Post</b>	<b>Sanctioned Strength</b>	<b>Filled</b>	<b>Vacant</b>
<i>Dy. General Manager</i>	3	2	1
<i>Sr. Accounts Officer (Encadred)**</i>	2	1	1
<i>Public Relation Officer</i>	1	0	1
<i>Private Secretary</i>	1	0	1
<i>Asstt. Manager</i>	4	0	4
<i>Personal Asstt.</i>	1	0	1
<i>Sr. Accountant/ Accountant (Encadred)**</i>	1	0	1
<i>Sr. Secretariat Asstt.</i>	1	0	1
<i>Stenographer</i>	2	1	1
<i>Jr. Secretariat Asstt.</i>	1	0	1

*For the 06 posts of PS/PA/Steno/SSA/JSA, open vacancy circular was published on 24.06.2019, 21.10.2019 and 19.02.2021. However, due to non-availability of applications only one post of Stenographer could be filled up while other 05 posts remained vacant.*

*For the 01 post of DGM, vacancy circular was published on 06.09.2024, however due to non-receipt of application, the post remained vacant.*

*For the 05 posts of PRO/ Asstt Manager, vacancy circular was published on 05.09.2024, however due to non-receipt of application, the posts remained vacant.*

*The issue of filling up the vacant en-cadred posts of 01 Sr. Accounts Officer and 01 Accountant/Sr. Accountant has again been taken up with the O/o Chief Controller of Accounts, M/o Corporate Affairs on 07.01.2025 and 24.01.2025.”*

*Reply to Recommendation [Serial No. 6(2)]*

*“Integration of claim system with depositories (NSDL/CDSL) and PFMS is being undertaken through MCA21. Search module to enable investors to search shares and amount transferred by companies to IEPF has been developed and deployed in Beta.*

*The rules, processes and procedure for claim refund from IEPF has been reviewed and various relaxations have been provided. The new forms under IEPF rules have been notified and deployed under MCA 21. Number of forms required to be filed by companies have been reduced from 5 to 3 and transfer to IEPF fund has been linked directly to Bharatkosh.”*

*Reply to Recommendation [Serial No. 6(3)]*

*“The claims are closed as rejected only when they are rejected by companies. The Authority relies on the companies for entitlement of the claimant as complete information is available only with the companies. In cases where verification report is not received from companies, various reminders are sent to the claimants and companies before closing such claim applications after statutory timelimit of 75 days as per rule 7(3) of IEPFA(AATR) Rules.”*

*Reply to Recommendation [Serial No. 6(4)]*

*“The Ministry has prescribed clear and uniform documentation requirements as Schedules to IEPFA (AATR) Rules.*

*Similarly, Procedure to be followed while disposing the claims is prescribed under the rules. Additional data on claim types is proposed to be collected in the new integrated portal.”*

*Reply to Recommendation [Serial No. 6(5)]*

*“No such evaluation has been carried out in respect of IEPF so far. However, the suggestion of the Committee has been noted please.”*

**9. The Committee note the Ministry of Corporate Affairs' (MCA) detailed elucidation of the Investor Education and Protection Fund (IEPF) Authority's current operational status and its significant strides in IT integration. The beta deployment of a search module, the streamlining of claim rules, the introduction of new MCA21 forms, and the direct linkage of fund transfers to Bharatkosh are**

positive advancements that align with the Committee's recommendation for automation and expedited, accurate refunds enhancing operational efficiency.

The Committee, however, express reservations regarding several critical areas. First, the persistent vacancy of 13 out of 29 sanctioned posts within the IEPFA, despite repeated vacancy circulars, highlights a systemic challenge in attracting qualified personnel, hindering the IEPFA's optimal functioning. Second, the Ministry's approach to the claims rejection process, which relies on companies for entitlement verification fundamentally abdicates the IEPFA's independent oversight role, raising serious concerns about the integrity and fairness of a process that yielded 30,884 rejections in 2023-24. This delegation of critical verification to the very entities against whom claims are lodged creates a potential conflict of interest and contravenes the spirit of investor protection and transparency. Lastly, the Ministry's candid admission that "no such evaluation has been carried out in respect of IEPF so far" regarding international best practices indicates a disheartening absence of proactive strategic foresight, which is indispensable for fortifying India's investor protection paradigm against evolving global standards. Therefore, the Committee urge the Ministry to formulate a comprehensive recruitment strategy to fill all vacant IEPFA posts at the earliest; immediately reform the claims rejection protocol to vest greater independent verification authority within IEPFA; and mandate a time-bound, rigorous evaluation of international best practices in investor protection for strategic assimilation in the Indian context.

## **Recommendation (Serial No. 7)**

### **National Company Law Tribunal (NCLT)**

10. The Committee acknowledge the critical role of NCLT in expediting corporate dispute resolution and enhancing the ease of doing business. Since its inception in 2016, NCLT has made significant strides, disposing of 86,828 cases by August 2024. However, the Committee note that the backlog of 19,969 cases highlights persistent challenges in addressing procedural delays, infrastructure constraints, and manpower shortages. The Committee observe that the average time for case disposal, particularly for insolvency resolution and liquidation, remains concerning, with delays undermining the tribunal's efficiency and the broader objective of swift corporate dispute resolution.

The Committee further note that Budget allocations for the NCLT have steadily increased from ₹52.15 crore in 2019-20 to ₹89.36 crore in 2022-23 but have seen a marginal reduction in BE to ₹89.31 crore in 2024-25, potentially limiting operational enhancements. The Committee note that manpower shortages remain critical, with 238 regular posts abolished due to recruitment delays but revived in 2023. While recruitment for 100 additional members is underway, the tribunal's demand for 729 posts highlights significant gaps. The Committee feel that reliance on contractual staff, though helpful, cannot replace the need for a permanent workforce. The Committee have observed that infrastructure challenges further exacerbate delays. Despite the implementation of E-Courts and hybrid hearings across 16 benches, physical infrastructure gaps and incomplete digital integration hinder optimal performance. The Committee feel that the Ministry's plan to establish an integrated IT platform and expand benches is promising, but timely execution is essential. To address these issues comprehensively, the Committee strongly recommend the following:

- (1) Expedite the filling of all revived and sanctioned posts within the current financial year. Proactive steps are needed to streamline the recruitment process for additional posts to ensure adequate staffing levels.
- (2) Procedural rules tailored to NCLT's role under the Insolvency and Bankruptcy Code (IBC) should be finalized and implemented swiftly. Training programs

and regular colloquiums for tribunal members can further reduce procedural delays and improve case management.

- (3) The Ministry should prioritize the development of the integrated IT platform and address physical infrastructure gaps. These upgrades are vital for improving case processing times and ensuring transparency in tribunal operations.
- (4) Allocated funds must be fully utilized, with emphasis on recruitment, infrastructure development, and technology integration. The reduction in BE for 2024-25 should not impede these critical objectives.
- (5) The Ministry should establish a performance monitoring mechanism to track pendency and disposal rates, enabling timely interventions to clear backlogs and improve resolution timelines. The Ministry should also maintain data with respect to average time taken for resolution process.
- (6) The Committee recommend adopting a mechanism under NCLT to count additional applications within the same case separately to avoid inflating the number of pending cases, ensuring a more accurate reflection of the case backlog.

The Committee believe that addressing these challenges systematically, the NCLT will be better positioned to fulfill its mandate of expeditious corporate dispute resolution, thereby contributing to economic growth and the ease of doing business in India.

11. In their action taken reply, the Ministry of Corporate Affairs has furnished the following written submission:-

*Reply to Recommendation [Serial No. 7(1)]*

*“NCLT is continuously advertising for all the deputation posts, the response from prospective Deputationists remains tepid due to which NCLT is unable to fill these posts. Further, on multiple occasions, the selected candidates have also failed to join due to which the post remains unfilled.”*



Reply to Recommendation [Serial No. 7(2)]

*“Draft Adjudicating Authority Rules are under finalization in the Ministry. Regular Colloquiums are being held for capacity building of Members to ensure speedier and uniform judicial delivery system. Induction training programmers are held for newly appointed Members.”*

Reply to Recommendation [Serial No. 7(3)]

*“The Draft RFP (Request for Proposal) for selection of Consultancy Firm/Agency for Project Monitoring Unit (PMU) as well as selection of System Integrator for the implementation of Project “iPIE” is underway.”*

Reply to Recommendation [Serial No. 7(4)]

*“The funds allocated to NCLT are being utilized optimally considering the requirements of NCLT. Rs. 112.4671 Crores has been allocated to NCLT under RE 2024-25.*

*The Ministry is providing adequate funds for the infrastructure development of NCLT from time to time as per their requirements. Recently 4 new ‘state of the art’ courts have been made for NCLT in Kolkata, however, the shifting is stalled due to an ongoing stay on shifting based on the petition filed by NCLT Bar Association. Similarly, a ‘state of the art’ court was constructed in the CGO Complex, Delhi, which had to be abandoned due to orders of the Delhi High Court, again based on a petition of the NCLT Bar Association.”*

Reply to Recommendation [Serial No. 7(5)]

*“The Ministry is working on developing iPIE system, which will incorporate an advanced API mediation layer that will sever as a crucial bridge for seamless data exchange among various systems and subsystems within the Insolvency and Bankruptcy Code (IBC) ecosystem. This mediation layer will facilitate efficient communication with individual systems, including NCLT/NCLAT e-Courts, IBBI web application, NeSL, iPIE, MCA 21 and other external systems. Adopting a comprehensive, end-to-end technology platform for the insolvency and Bankruptcy*

*Code (IBC) ecosystem would streamline operations across the entire IBC spectrum-from debt and default filing to the resolution plan's execution. By offering a single source of truth, it would empower the National Company Law Tribunal (NCLT) to make faster and more informed decisions, ultimately leading to quicker resolutions and improved outcomes. This initiative would not only enhancing efficiency and transparency in the insolvency proceeding but also empower the Ministry to monitor the insolvency matters to identify the bottlenecks and resolve them accordingly."*

*Reply to Recommendation [Serial No. 7(6)]*

*"Additional applications" or interlocutory Applications in case are not considered as a separate case. There is no inflation in the number of pending cases by NCLT on account of the same."*

**12. The Committee note the Ministry of Corporate Affairs' (MCA) detailed response concerning the National Company Law Tribunal (NCLT) and the ongoing efforts to address staffing and infrastructural challenges. The Ministry highlights persistent difficulties in filling deputation posts due to a "tepid response" from applicants, alongside ongoing training initiatives for NCLT Members and progress on the "iPIE" integrated IT platform. While funds are stated to be "utilized optimally" with substantial allocations for infrastructure, recent court construction projects have faced unfortunate legal impasses.**

**However, the Committee find that the Ministry's reply largely reiterates the *status quo* and lacks substantive, actionable strategies to resolve the identified systemic deficiencies. The continued reliance on deputation and the absence of a concrete, time-bound plan to fully staff the NCLT (including the 729 sanctioned posts) remain critical concerns, undermining the Tribunal's capacity to address its alarming case backlog. Similarly, while IT integration is progressing, its full**

operationalization lacks definitive timelines, and the Ministry's handling of physical infrastructure impediments appears reactive rather than proactively strategic. The Committee, therefore, impress upon the Ministry to implement an accelerated, time-bound recruitment strategy for all NCLT vacancies; expedite the finalization of Adjudicatory Authority Rules for IBC; provide firm timelines for full-scale development and ubiquitous deployment of the "iPIE" integrated IT platform which is imperative recognizing its pivotal role in real-time monitoring and expedited case processing; and establish a robust, transparent performance monitoring mechanism to ensure the NCLT can effectively fulfill its mandate of expeditious corporate dispute resolution.

## **CHAPTER - II**

### **OBSERVATIONS/RECOMMENDATIONS THAT HAVE BEEN ACCEPTED BY THE GOVERNMENT**

#### **Recommendation (Serial No. 1)**

##### **BUDGETARY ALLOCATION AND UTILIZATION**

The scrutiny of the budgetary allocations and expenditures of the Ministry of Corporate Affairs (MCA) reveals concerning trends of underutilization and variance in fund management. For example, in FY 2022-23, the BE were set at ₹733.02 crore, which was subsequently revised down to ₹630.36 crore at the Revised Estimates (RE) stage. However, the actual expenditure was only ₹568.69 crore, representing just 90.21% of the R.E. This led to surrender of an amount of ₹161.47 crore, which included a technical surrender of ₹102.66 crore, with the actual surrender standing at ₹58.81 crore. Similarly, in FY 2023-24, while the BE was set at ₹756.19 crore, the RE was reduced to ₹617.43 crore, and the actual expenditure was ₹590.84 crore (95.69% of the RE). Ministry has informed that delays in contractual obligations, postponement of key initiatives, unfilled positions and the non-receipt of expected bills from the vendors in the last month of FY 2022-23 contributed to this underutilization.

The Committee observe that such trends of unrealistic budget formulation, erratic downward revision at the RE stage, and consistent underutilization of funds highlight inefficiencies in the budget-making and expenditure-monitoring processes of the MCA. The Committee feel these issues not only undermine the Ministry's ability to achieve its stated objectives but also result in the blocking of scarce public resources. The Committee, therefore, recommend the following corrective measures to arrest this trend:

- The ministry should undertake a thorough review of its past expenditure pattern and project funds requirement more accurately to avoid overestimation at the BE stage.
- A robust system should be established to periodically monitor the pace of expenditure and ensure timely implementation of the projects.

- Efforts must be made to ensure that contractual obligations are fulfilled on time, key programs such as CSR awards and research activities are implemented as scheduled and vacancies in attached offices are filled without delay.
- The delays in vendor bill submissions must be addressed by instituting streamlined processes and clean timelines for compliance.

The Committee expect the Ministry of Corporate Affairs to implement these measures earnestly.

### **Reply of the Government**

The suggestions of the Committee have been noted for compliance.

In this regard, it is submitted that efforts are being made to ensure that contractual obligations are fulfilled on time. Most of the procurements in the Ministry of Corporate Affairs are being done through the GeM portal wherein timelines for submission of bills and payment are clearly specified. However, the bills of the vendor providing Services under MCA-21 project have remained unpaid because of non-fulfilling of contractual obligations by the Vendor.

**[Ministry of Corporate Affairs O.M. No. G/12/2024-Bgdt-MCA dated 05.03.2025.]**

### **Recommendation (Serial No. 2)**

#### **Prime Minister's Internship Scheme (PMIS)**

The Committee commend the ambitious vision of the PMIS, which aims to provide internships to 1 crore youth over five years with an estimated expenditure of ₹63,000 crore. The pilot phase, targeting 1.25 lakh internships in FY 2024-25, successfully integrates skill development, financial assistance, insurance coverage, and transparent processes through the PMIS portal, demonstrating a commendable effort to empower youth and bridge the skills gap.

The Committee observe the allocated ₹2,000 crores in the BE and ₹380 crores in the RE for FY 2024-25. These funds suffice for the pilot phase, but dynamic reassessment

of financial needs is crucial for scaling up. While these features are commendable, challenges persist regarding inclusivity, monitoring, stakeholder participation, and post-internship outcomes, impacting overall budget efficiency.

The committee feel that Scheme's Monitoring, Evaluation, and Learning (MEL) framework is pivotal for transparency and timely corrections. The Committee observe that collaboration with top 500 companies through CSR funding is a key strength, yet broader engagement with SMEs, Startups, and regional stakeholders is essential to ensure inclusive sectoral and geographic representation. The digital portal and multilingual outreach enhance accessibility but require targeted campaigns for remote areas. Risks such as misuse by companies and inadequate internship oversight must be mitigated to safeguard outcomes and there should be a mechanism to keep a check on it.

The Committee also believe that addressing the challenges faced by candidates from remote or underserved regions is crucial for ensuring equitable access to internships. The committee feel without adequate support for living expenses, these candidates may be unable to participate, thereby hindering the program's inclusivity and its potential to attract a diverse pool of talent.

The Committee also note that two key provisions of the scheme's eligibility criteria exclude candidates if any of their family member earns over ₹8 lakh or is a regular government employee. The committee find that the blanket exclusion of regular government employee families unwarranted, as many earn below ₹8 lakh and may need support under the scheme. The Committee strongly recommend revising the criteria to focus solely on the ₹8 lakh income limit, eliminating the exclusion of permanent/regular government employees to make the scheme more inclusive and equitable.

The Committee further recommend that host companies align training programs with industry skill requirements to ensure interns are industry-ready. The Committee urge periodic independent evaluations for transparency and suggest relaxing eligibility norms for marginalized and economically weaker candidates to enhance inclusivity. While the scheme is in its pilot phase, the Committee emphasize that the internship-to-employment conversion rate should be a key success indicator. The Committee, therefore, recommend establishing a robust system to monitor and track this metric, ensuring the program effectively creates career opportunities and aligns with industry demands.

## **Reply of the Government**

The observations of the Committee have been noted please.

Keeping in mind the volume and complex nature of the PMIS, a Pilot Project was launched as a pivotal phase that would allow for testing concepts, strategies and systems before a full-scale implementation. Based on the feedback received and evaluation of outcomes during the implementation of the Pilot Project, lessons drawn shall be collated by the Ministry. The suggestions of the Committee shall be included in the above exercise. The same will be factored in after due consideration while rolling out the first phase of the PM Internship Scheme, as announced in the Budget 2024-25.

However, it may be noted that engagement with MSMEs, Start Ups and other regional stakeholders is permitted under the present guidelines wherein companies are allowed to offer internship opportunities in organizations/ companies in their value chain. Further, in order to make an outreach across different geographical locations apart from an ongoing social media campaign, a targeted IEC campaign in the field has also been undertaken by MCA in partnership with State Governments and educational institutions. In the month of February 2025 itself more than 67 campaigns have been held in about 50 districts of the country, particularly, those having the maximum number of internship opportunities.

Further, it may be noted that a Monitoring and Steering Committee (MSC) headed by the Secretary, Corporate Affairs has been constituted to oversee the implementation, operations, design and other aspects of the Pilot Project of the PM Internship Scheme. The MSC has representation also from other Ministries/ Departments and representatives from the industry. The MSC is empowered to periodically review the progress of PMIS and recommend changes at the policy level to align with stakeholders' requirements and evolving priorities. Meanwhile, the Ministry is carrying out concurrent evaluation of the scheme, through a feedback Survey being carried out by the following institutes:-

- Indian Institute of Management- Bangalore (IIM-B)- Southern Region
- Delhi School of Economics (DSE)- Northern Region
- Symbiosis Institute of Business Management (SIBM)-Western Region
- Indian Institute of Corporate Affairs (IICA)- Eastern Region

A dashboard has also been prepared to regularly monitor and evaluate progress and end-to-end implementation across all fronts.

**[Ministry of Corporate Affairs O.M. No. G/12/2024-Bgdt-MCA dated 05.03.2025.]**

### **Recommendation (Serial No. 3)**

#### **MCA21 e-Governance Project**

The Committee note that the Ministry of Corporate Affairs has implemented the MCA21 e-Governance project to provide stakeholders with a secure, user-friendly platform for corporate compliance and service delivery. The launch of MCA21 Version 3.0, incorporating advanced technologies such as Artificial Intelligence (AI) and Machine Learning (ML), is a commendable step toward aligning with international benchmarks and enhancing the Ease of Doing Business (EoDB). However, the Committee observe several persistent issues that need attention. One significant concern is the constant underutilization of funds, attributed to delays in service delivery and other project setbacks. The Committee note that the Ministry has acknowledged this issue, but further efforts are necessary to ensure timely project execution and optimal resource allocation.

The Committee note that data discrepancy has emerged as a critical issue, with instances reported where companies, after filling out their details, encountered data from other entities upon downloading forms. This not only poses significant privacy and confidentiality risks but also erodes stakeholder confidence in the system's reliability.

The Committee further note that the absence of a comprehensive desktop and mobile application limits accessibility and convenience, particularly for stakeholders requiring mobility and offline capabilities. The Committee feel that International best practices underscore the need for robust and secure digital solutions, and the Committee are of the opinion that developing a full-fledged MCA21 application is essential for India to match global standards. Such an application should include offline form-filling with seamless synchronization, real-time issue reporting, biometric authentication, and comprehensive access to all eForms.



To address the pressing issue of data discrepancies, the Committee recommend the Ministry to adopt an advanced data validation mechanisms using technologies like Blockchain to ensure secure and tamper-proof data handling. The committee believe that a robust audit trail should be implemented to identify and rectify inconsistencies promptly, along with regular third-party security audits to safeguard data integrity. Establishing an efficient feedback and grievance redressal mechanism will further enable swift resolution of discrepancies.

The Committee further recommend that the Ministry prioritize system upgrades, stakeholder training, and vendor accountability to improve the platform's functionality and user trust. The Committee urge the Ministry that adequate resources and expertise must be allocated to establish MCA21 as a global model of e-Governance, ensuring seamless compliance, enhanced privacy, and fostering corporate growth.

### **Reply of the Government**

MCA21, launched in 2006 under the National e-Governance Mission, has undergone three iterations. The current phase (MCA21 Version 3.0) aims to strengthen enforcement, promote Ease of Doing Business, and enhance user experience. There have been some issues with service delivery, but the Ministry is actively monitoring the project's progress and ensuring vendor compliance with contractual terms.

MCA21 V3 has introduced web based filing that further improves the quality of data using real time validation. However, since filing in MCA21 is based on Digital Signature of Stakeholders, these are to be made through a Desktop/Laptop. MCA21 V3 has introduced a mobile app in September 2024 on Apple and Google play store offering features like dashboard, master data checks, and filing status. An offline utility for annual filing forms is under development.

MCA V3 contract envisages regular Audits of the critical aspects of the project. In addition, MCA also undertakes audits as per the directions of MeITY from time to time.

MCA21 is one of the flagship projects of Government of India that facilitates Ease of Doing Business and Corporate Governance in India. The Ministry is regularly undertaking meetings with stakeholders to address their grievances. Regular meetings

are held with the Service Provider and Project Monitoring Unit (PMU) team to ensure quality of service delivery. MCA provides a complaint redressal facility through its portal, including the ability to track complaints and reopen them for review. There are also efforts to improve system efficiency and user satisfaction, including direct user feedback and interactions via social media platforms like X.

MCA offers user awareness sessions, webinars, and online training, supported by instruction kits and FAQs. A live chat support system is available for query resolution, and the 'Corporate Seva Kendra' assists users with additional support. Infrastructure improvements are being made to handle high traffic during peak filing periods.

Overall, the Ministry is committed to ensuring the successful implementation of MCA21 V3, addressing issues as they arise, and continually improving the platform's functionality and user experience.

**[Ministry of Corporate Affairs O.M. No. G/12/2024-Bgdt-MCA dated 05.03.2025.]**

### **Recommendation (Serial No. 4)**

#### **Serious Fraud Investigation Office (SFIO)**

The Committee note that the Serious Fraud Investigation Office (SFIO) has completed more than twenty years since its establishment in July 2003. The SFIO was accorded statutory status under the Companies Act, 2013 in 2015, a move necessitated by the major failures of non-banking financial institutions and stock market scams. The Committee observe that over the years, the budgetary allocation for SFIO has seen a gradual increase, with a downward jump in the Budget Estimates (BE) from Rs. 54.92 crore in 2023-24 to Rs. 43.01 crore in 2024-25, reflecting the growing responsibilities of the SFIO.

The Committee further note that the SFIO faces significant vacancies, with 116 of its 238 sanctioned posts unfilled. Despite efforts to recruit, 43 posts remain for deputation and 27 for direct recruitment, slowing its capacity to handle investigations. Additionally, the SFIO has a backlog of cases, with 74 pending as of October 2024, and the average

age of pending complaints is alarmingly high at 184 months, indicating delayed resolutions.

The Committee recognize that despite these challenges, the SFIO has achieved 374 successful prosecutions out of 511 disposed complaints, with a conviction rate of 73.2%. The Ministry is improving performance through upgrades to the Computer Forensic Data Mining Lab (CFDML), enhancements to the Summon & Notice Management System (SNMS), and the creation of panels for CA firms and legal counsel to assist with investigations.

Given these circumstances, the Committee strongly recommend that the Ministry expedite the process of filling all vacant posts within SFIO within the current financial year. The Committee feel that the enhancement in budget should be fully utilized towards this goal. Moreover, the Committee urge the Ministry to ensure that by the next financial year, all sanctioned positions in SFIO are filled. The Committee believe that this will enable the SFIO to handle its growing caseload more efficiently and expedite the resolution of pending cases, thus strengthening its role in combating financial fraud and white-collar crimes. The Committee hope that with a fully staffed workforce and upgraded technological infrastructure, the SFIO will be better positioned to meet its growing mandate and deliver timely results in the coming years.

### **Reply of the Government**

SFIO has a sanctioned strength of 238, out of which 134 are filled up at present. Filling up of vacant positions is an ongoing process as the vacant posts are required to be filled on repatriation of officers on completion of deputation tenure. Accordingly, advertisements to fill vacant posts on deputation (ISTC basis) are issued from time to time. Rigorous efforts are being made to fill up the remaining vacant posts as under:

A. For posts under Direct recruitment:

1. UPSC has recommended 12 officers [Assistant Director (CL). Offer of appointment has been issued to the candidates and 5 have already joined this office and the remaining are in the process.

2. UPSC has also recommended 12 officers (Prosecutors) for which issuance of offer of appointment is under process.
3. Action is also in progress to fill 05 posts [02 posts of AD (Banking) and 03 posts of AD (CL) through UPSC.
4. Requisition to fill 04 posts of Stenographers and 01 post of Assistant has already been submitted to SSC through MCA.

**B. For positions under Deputation (ISTC):**

1. 14 officers have already been recommended for appointment on deputation basis and offer letters have been issued to the candidates. 7 have joined office till date.
2. Interviews have already been conducted for 05 posts on deputation and the follow up action is being taken.

**[Ministry of Corporate Affairs O.M. No. G/12/2024-Bgdt-MCA dated 05.03.2025.]**

***(For Comments of the Committee, please refer Para No. 6 of Chapter I)***

### **Recommendation (Serial No. 5)**

#### **Insolvency and Bankruptcy Code (IBC)**

The Committee acknowledge that the implementation of the Insolvency and Bankruptcy Code (IBC) has made significant strides in improving the resolution of distressed corporate assets in India. Over the years, the IBC has not only enhanced credit discipline but also facilitated a transparent and efficient resolution process, underscoring its role in fostering economic stability. The recovery of over ₹3.5 lakh crore for creditors exemplifies the success of the Code in achieving its primary objective. Furthermore, the IBC has enabled the revival of unproductive assets, turning them into productive contributors to the economy, which is a testament to its far-reaching impact. However, the Committee observe persistent challenges hinder its full effectiveness. Notably, 535 investigations and 166 show-cause notices against Resolution Professionals (RPs) highlight competence and conduct issues, and nearly 64% of CIRPs exceed the statutory 330-day limit, causing delays. The Committee note that the lack of clarity on Government

creditors' claims and issues around stakeholder representation further dilute the Code's efficiency. The Committee feel that the rising costs of CIRPs and frequent litigation by stakeholders exacerbate delays, frustrating the intended outcomes of the IBC. The Committee observe that delays in the insolvency resolution process, particularly at the stage of admission and adjudication at the National Company Law Tribunal (NCLT), remain a significant bottleneck. The Committee note that despite the IBC's intent to ensure time-bound resolutions, the average timeframes for resolving cases have been increasing steadily. These delays not only impact the recovery value for creditors but also affect the confidence of stakeholders in the efficiency of the insolvency framework. The committee, therefore, believe that addressing procedural inefficiencies and capacity constraints in adjudication is critical to achieving the IBC's objective of expeditious and effective resolution. To address these challenges, the Committee recommend the following:

- (1) Establish fast track tribunals with strict timelines for high priority cases.
- (2) Ministry should consider adopting an urgent list system for insolvency cases, similar to the UK, to prioritize time-sensitive matters. Additionally, allowing the appointment of resolution professionals outside of courts can help reduce delays and streamline the process for quicker resolutions.
- (3) The Committee recommend introducing a provision under the IBC, similar to Article 226(3) of the Constitution, to mandate the processing of applications within 14 days. This will help address excessive delays, which currently extend to over two years, and ensure timely resolution of cases.
- (4) Enhance RPs standards with rigorous certification, specialized training, and independent performance reviews, particularly for high-stakes cases. A dual oversight system involving IBBI and external experts can improve RP regulation.
- (5) Explore PPP models to improve judicial processes, drawing on the success of privatized Seva Kendras. Private investments in technology can modernize infrastructure and enhance case resolution speed.
- (6) Ensure NCLT members and adjudicating bodies possess specialized knowledge, as highlighted in the Supreme Court's Finolex Industries case, for better decision-making in complex insolvency cases.

(7) Provide clearer guidelines on the treatment of government dues, especially taxes and penalties, ensuring equitable and transparent resolution of government claims.

(8) By addressing delays, competency gaps, and broadening stakeholder engagement, along with leveraging technology and domain expertise, the IBC can further enhance its impact on India's economy, ensuring faster resolutions and boosting investor confidence.

### **Reply of the Government**

#### **Reply to Recommendation [Serial No. 5(1)]**

In the Union Budget of FY 2024-25, the Government has announced that appropriate changes to the IBC, reforms and strengthening of the tribunal and appellate tribunals will be initiated to speed up insolvency resolution. Additional tribunals will be established. Out of those, some will be notified to decide cases exclusively under the Companies Act.

#### **Reply to Recommendation [Serial No. 5(2)]**

The proposed Adjudicating Authority (AA) Rules have provisions for priority listing of cases. The Resolution Professionals are recommended by the creditor and approved by NCLT at the time of admission.

#### **Reply to Recommendation [Serial No. 5(3)]**

The IBC provides timelines for the adjudication of applications. Under Section 7(4), the Adjudicating Authority (AA) has to ascertain the existence of default within 14 days of receiving an application from a financial creditor. Section 9(5) provides for applications by operational creditors and Section 10 provides for applications by corporate debtors, requiring the AA to either admit or reject applications within 14 days based on specified criteria. The Code also requires the AA to record its reasons in writing if it fails to ascertain default and pass orders within the prescribed timeline.

However, the Hon'ble Supreme Court, in Surendra Trading Company vs. JuggilalKamlapat Jute Mills Company Ltd., has clarified that these 14-day timelines prescribed in the Code are directory in nature rather than mandatory.

The Court observed that “we are of the view that the judgments cited by the NCLAT and the principle contained therein applied while deciding that period of fourteen days within which the adjudicating authority has to pass the order is not mandatory but directory in nature would equally apply while interpreting proviso to sub-section (5) of Section 7, Section 9 or sub-section (4) of Section 10 as well.”

### **Reply to Recommendation [Serial No. 5(4)]**

Skill upgradation of the professionals by IBBI is a continuous process. The IBBI, Regulator under the Code, actively engages with IPs through diverse formats such as advocacy programmes, workshops, webinars, and specialised training sessions, focusing on both foundational and advanced aspects of insolvency practice.

Efforts to augment IPs' expertise include workshops targeting niche areas of insolvency, alongside encouraging Insolvency Professionals Agencies (IPAs) to offer similar educational opportunities. Through Indian and international experts, Training-of-Trainers programme, aimed at expanding the pool of knowledgeable professionals within the insolvency ecosystem, are being organised regularly.

IBBI and IPAs, independently as well as in consultation have been issuing communications facilitating conduct of process by an IP, issuing best practices on recurrent complex issues and releasing publications for guidance of the IPs and other stakeholders. The IPAs are also including case studies of large cases in their pre-registration education course and CPE programmes.

Till September 2024, the IBBI has conducted 123 Workshops, 77 Webinars, 139 roundtables and 12 training programmes for capacity building of IPs.

Thus, the framework of IBBI, as laid down above, has been evolving regularly for meeting post- registration professional development needs of IPs in a comprehensive manner, enabling them to meet the emerging challenges of insolvency resolution, particularly in large and complex cases.

### **Reply to Recommendation [Serial No. 5(5)]**

The Government has decided to set up an Integrated Technology Platform under the Insolvency and Bankruptcy Code, 2016. This state-of-the-art electronic platform will integrate the key institutions forming pillars of the IBC ecosystem.

It will provide for an integrated case management system for processes under the IBC, automated processes to file applications with the Adjudicating Authority, delivery of notices, enable interaction of Insolvency Professionals with stakeholders, storage of records of the corporate debtor, and incentivize effective participation of stakeholders.

The Integrated Technology Platform would lead to better transparency, minimisation of delays, effective decision making and better oversight of the processes by the authorities

### **Reply to Recommendation [Serial No. 5(6)]**

The Members of the NCLT comprise of Judicial Members and Technical Members.

The Judicial Members have been highly experienced judges of the High Court or District Courts or practicing lawyers. The Technical Members of NCLT possess specialised commercial knowledge and professional experience of more than 15 years in fields of industrial finance, industrial management, industrial reconstruction, investment, accountancy etc.

Regular Colloquiums are being held for capacity building of Members to ensure a speedier and uniform judicial delivery system. Induction training programmes are held for newly appointed Members.

### **Reply to Recommendation [Serial No. 5(7)]**

Section 53 of the Code provides the provisions with regard to the distribution of proceeds from the sale of liquidation assets, establishing the order of priority for different classes of creditors.



## **Reply to Recommendation [Serial No. 5(8)]**

The observation of the Committee has been noted please.

**[Ministry of Corporate Affairs O.M. No. G/12/2024-Bgdt-MCA dated 05.03.2025.]**

### **Recommendation (Serial No. 6)**

#### **Investor Education and Protection Fund (IEPF) Authority**

The Committee observe that the Investor Education and Protection Fund (IEPF) Authority, established under Section 125 of the Companies Act, 2013, has made significant strides in investor education, awareness, and protection. However, it faces challenges, including unfilled vacancies, underutilization of allocated funds, and a growing backlog of claims, which hinder its ability to perform optimally. The Committee note that as of 2024-25, 15 vacant posts remain unfilled out of 29 sanctioned positions, significantly limiting the Authority's capacity to manage claims and ensure timely refunds. Despite increasing claim filings, with 55,032 claims submitted in 2023-24, the number of pending claims has surged to 43,226. The Committee further note that the allocated budget for 2023-24, which stood at ₹9.13 crore, was not fully utilized, with only ₹8.17 crore being spent due to staffing constraints and slow administrative processes. For 2024-25, the Ministry requested ₹11.11 crore in BE, but only ₹7.70 crore was allocated due to overall budget reductions. Consequently, ₹11.07 crore is being sought in RE 2024-25 to address funding gaps. The Committee feel that the underutilization of allocated funds for 2023-24 and the reduction in budget allocation for 2024-25 due to staffing issues and budget cuts raises concerns about efficient fund utilization and the potential impact on Ministerial operations.

The Committee recognize that the IEPF Authority has successfully implemented various awareness programs, holding over 85,000 events to promote investor literacy. However, the Committee feel with the high rate of claim rejections and delays in the claims process, there remains considerable scope for improvement. In light of these challenges, the Committee recommend the following:

- (1) Fill the 15 vacant posts by the end of this financial year and ensure all positions are filled by the next year, while optimizing fund utilization to effectively manage claims and enhance investor education.

- (2) Prioritize IT integration across MCA21, NSDL/CDSL, and PFMS to automate claims processing, reduce delays, and ensure faster, accurate refunds by next financial year.
- (3) Revise the claims rejection process, as 30,884 claims were rejected in 2023-24. Ensuring thorough verification before rejection will reduce avoidable rejections and increase transparency.
- (4) Enhance the investor support by providing clearer documentation guidelines and improving access to claim resources. Collecting additional data on claim types and demographics will help tailor support initiatives to better meet investor needs.
- (5) Evaluate international innovative best practices and strategies from leading international benchmarks. By assessing and adopting relevant strategies that align with India's regulatory environment, the Ministry can strengthen and enhance the efficiency of the country's investor protection ecosystem.

### **Reply of the Government**

#### **Reply to Recommendation [Serial No. 6(1)]**

There are 29 sanctioned posts in the Authority which are filled up either through deputation (20) or on regular basis (09). Out of 29 posts, 16 (09 on deputation and 07 on regular basis) officers/officials are in place. However, to compensate the shortage of staff in IEPFA 03 ICLS officers (2-DD & 1-AD) have been temporarily posted on loan basis. In order to reduce pendency, 8 ICLS officers were given on loan basis for a period of 3 months from January 2025 as a special case.

Out of 29 sanctioned posts, 16 posts are filled up and 13 posts are vacant. The detail of 13 vacant post are as under:

(As on 17.02.2025)

Name of the Post	Sanctioned Strength	Filled	Vacant
Dy. General Manager	3	2	1
Sr. Accounts Officer (Encadred)**	2	1	1
Public Relation Officer	1	0	1
Private Secretary	1	0	1
Asstt. Manager	4	0	4
Personal Asstt.	1	0	1
Sr. Accountant/ Accountant (Encadered)**	1	0	1
Sr. Secretariat Asstt.	1	0	1
Stenographer	2	1	1
Jr. Secretariat Asstt.	1	0	1

For the 06 posts of PS/PA/Steno/SSA/JSA, open vacancy circular was published on 24.06.2019, 21.10.2019 and 19.02.2021. However, due to non-availability of applications only one post of Stenographer could be filled up while other 05 posts remained vacant.

For the 01 post of DGM, vacancy circular was published on 06.09.2024, however due to non-receipt of application, the post remained vacant.

For the 05 posts of PRO/ Asstt Manager, vacancy circular was published on 05.09.2024, however due to non-receipt of application, the posts remained vacant.

The issue of filling up the vacant en-cadred posts of 01 Sr. Accounts Officer and 01 Accountant/Sr. Accountant has again been taken up with the O/o Chief Controller of Accounts, M/o Corporate Affairs on 07.01.2025 and 24.01.2025.

### **Reply to Recommendation [Serial No. 6(2)]**

Integration of claim system with depositories (NSDL/CDSL) and PFMS is being undertaken through MCA21. Search module to enable investors to search shares and amount transferred by companies to IEPF has been developed and deployed in Beta.

The rules, processes and procedure for claim refund from IEPF has been reviewed and various relaxations have been provided. The new forms under IEPF rules have been notified and deployed under MCA 21. Number of forms required to be filed by companies have been reduced from 5 to 3 and transfer to IEPF fund has been linked directly to Bharatkosh.

**Reply to Recommendation [Serial No. 6(3)]**

The claims are closed as rejected only when they are rejected by companies. The Authority relies on the companies for entitlement of the claimant as complete information is available only with the companies. In cases where verification report is not received from companies, various reminders are sent to the claimants and companies before closing such claim applications after statutory timelimit of 75 days as per rule 7(3) of IEPFA(AATR) Rules.

**Reply to Recommendation [Serial No. 6(4)]**

The Ministry has prescribed clear and uniform documentation requirements as Schedules to IEPFA (AATR) Rules.

Similarly, Procedure to be followed while disposing the claims is prescribed under the rules. Additional data on claim types is proposed to be collected in the new integrated portal.

**Reply to Recommendation [Serial No. 6(5)]**

No such evaluation has been carried out in respect of IEPF so far. However, the suggestion of the Committee has been noted please.

**[Ministry of Corporate Affairs O.M. No. G/12/2024-Bgdt-MCA dated 05.03.2025.]**

***(For Comments of the Committee, please refer Para No. 9 of Chapter I)***

## **Recommendation (Serial No. 7)**

### **National Company Law Tribunal (NCLT)**

The Committee acknowledge the critical role of NCLT in expediting corporate dispute resolution and enhancing the ease of doing business. Since its inception in 2016, NCLT has made significant strides, disposing of 86,828 cases by August 2024. However, the Committee note that the backlog of 19,969 cases highlights persistent challenges in addressing procedural delays, infrastructure constraints, and manpower shortages. The Committee observe that the average time for case disposal, particularly for insolvency resolution and liquidation, remains concerning, with delays undermining the tribunal's efficiency and the broader objective of swift corporate dispute resolution.

The Committee further note that Budget allocations for the NCLT have steadily increased from ₹52.15 crore in 2019-20 to ₹89.36 crore in 2022-23 but have seen a marginal reduction in BE to ₹89.31 crore in 2024-25, potentially limiting operational enhancements. The Committee note that manpower shortages remain critical, with 238 regular posts abolished due to recruitment delays but revived in 2023. While recruitment for 100 additional members is underway, the tribunal's demand for 729 posts highlights significant gaps. The Committee feel that reliance on contractual staff, though helpful, cannot replace the need for a permanent workforce. The Committee have observed that infrastructure challenges further exacerbate delays. Despite the implementation of E-Courts and hybrid hearings across 16 benches, physical infrastructure gaps and incomplete digital integration hinder optimal performance. The Committee feel that the Ministry's plan to establish an integrated IT platform and expand benches is promising, but timely execution is essential. To address these issues comprehensively, the Committee strongly recommend the following:

- (1) Expedite the filling of all revived and sanctioned posts within the current financial year. Proactive steps are needed to streamline the recruitment process for additional posts to ensure adequate staffing levels.
- (2) Procedural rules tailored to NCLT's role under the Insolvency and Bankruptcy Code (IBC) should be finalized and implemented swiftly. Training programs

and regular colloquiums for tribunal members can further reduce procedural delays and improve case management.

- (3) The Ministry should prioritize the development of the integrated IT platform and address physical infrastructure gaps. These upgrades are vital for improving case processing times and ensuring transparency in tribunal operations.
- (4) Allocated funds must be fully utilized, with emphasis on recruitment, infrastructure development, and technology integration. The reduction in BE for 2024-25 should not impede these critical objectives.
- (5) The Ministry should establish a performance monitoring mechanism to track pendency and disposal rates, enabling timely interventions to clear backlogs and improve resolution timelines. The Ministry should also maintain data with respect to average time taken for resolution process.
- (6) The Committee recommend adopting a mechanism under NCLT to count additional applications within the same case separately to avoid inflating the number of pending cases, ensuring a more accurate reflection of the case backlog.

The Committee believe that addressing these challenges systematically, the NCLT will be better positioned to fulfill its mandate of expeditious corporate dispute resolution, thereby contributing to economic growth and the ease of doing business in India.

### **Reply of the Government**

#### **Reply to Recommendation [Serial No. 7(1)]**

NCLT is continuously advertising for all the deputation posts, the response from prospective Deputationists remains tepid due to which NCLT is unable to fill these posts. Further, on multiple occasions, the selected candidates have also failed to join due to which the post remains unfilled.

### **Reply to Recommendation [Serial No. 7(2)]**

Draft Adjudicating Authority Rules are under finalization in the Ministry. Regular Colloquiums are being held for capacity building of Members to ensure speedier and uniform judicial delivery system. Induction training programmers are held for newly appointed Members.

### **Reply to Recommendation [Serial No. 7(3)]**

The Draft RFP (Request for Proposal) for selection of Consultancy Firm/Agency for Project Monitoring Unit (PMU) as well as selection of System Integrator for the implementation of Project “iPIE” is underway.

### **Reply to Recommendation [Serial No. 7(4)]**

The funds allocated to NCLT are being utilized optimally considering the requirements of NCLT. Rs. 112.4671 Crores has been allocated to NCLT under RE 2024-25.

The Ministry is providing adequate funds for the infrastructure development of NCLT from time to time as per their requirements. Recently 4 new ‘state of the art’ courts have been made for NCLT in Kolkata, however, the shifting is stalled due to an ongoing stay on shifting based on the petition filed by NCLT Bar Association. Similarly, a ‘state of the art’ court was constructed in the CGO Complex, Delhi, which had to be abandoned due to orders of the Delhi High Court, again based on a petition of the NCLT Bar Association.

### **Reply to Recommendation [Serial No. 7(5)]**

The Ministry is working on developing iPIE system, which will incorporate an advanced API mediation layer that will serve as a crucial bridge for seamless data exchange among various systems and subsystems within the Insolvency and Bankruptcy Code (IBC) ecosystem. This mediation layer will facilitate efficient communication with individual systems, including NCLT/NCLAT e-Courts, IBBI web application, NeSL, iPIE,

MCA 21 and other external systems. Adopting a comprehensive, end-to-end technology platform for the insolvency and Bankruptcy Code (IBC) ecosystem would streamline operations across the entire IBC spectrum-from debt and default filing to the resolution plan's execution. By offering a single source of truth, it would empower the National Company Law Tribunal (NCLT) to make faster and more informed decisions, ultimately leading to quicker resolutions and improved outcomes. This initiative would not only enhancing efficiency and transparency in the insolvency proceeding but also empower the Ministry to monitor the insolvency matters to identify the bottlenecks and resolve them accordingly.

**Reply to Recommendation [Serial No. 7(6)]**

“Additional applications” or interlocutory Applications in case are not considered as a separate case. There is no inflation in the number of pending cases by NCLT on account of the same.

**[Ministry of Corporate Affairs O.M. No. G/12/2024-Bgdt-MCA dated 05.03.2025.]**

***(For Comments of the Committee, please refer Para No. 12 of Chapter I)***



### **CHAPTER - III**

**OBSERVATIONS/RECOMMENDATIONS WHICH THE COMMITTEE DO NOT DESIRE  
TO PURSUE IN VIEW OF THE GOVERNMENT'S REPLIES**

**NIL**

## **CHAPTER - IV**

**OBSERVATIONS/RECOMMENDATIONS IN RESPECT OF WHICH REPLIES  
OF GOVERNMENT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE**

**NIL**

## **CHAPTER - V**

OBSERVATIONS/RECOMMENDATIONS IN RESPECT OF WHICH FINAL  
REPLIES BY THE GOVERNMENT ARE STILL AWAITED

**NIL**

**New Delhi;  
29 July, 2025  
07 Sravana, 1947 (Saka)**

**Bhartruhari Mahtab  
Chairperson,  
Standing Committee on Finance**

**Minutes of the Thirtieth sitting of the Standing Committee on Finance (2024-25). The Committee sat on Tuesday, the 29 July, 2025 from 1430 hrs to 1615 hrs in Committee Room '62', Samvidhan Sadan, New Delhi.**

**PRESENT**

**Shri Bhartruhari Mahtab – Chairperson**

**LOK SABHA**

2. Shri P. P. Chaudhary
3. Shri K. Gopinath
4. Shri Chudasama Rajeshbhai Naranbhai
5. Thiru Arun Nehru
6. Smt. Sandhya Ray
7. Dr. Jayanta Kumar Roy
8. Dr. K. Sudhakar
9. Shri Balashowry Vallabhaneni
10. Shri Prabhakar Reddy Vemireddy

**RAJYA SABHA**

11. Shri S. Selvaganabathy
12. Shri Sanjay Seth
13. Smt. Darshana Singh

**SECRETARIAT**

- |    |                            |   |                  |
|----|----------------------------|---|------------------|
| 1. | Shri Gaurav Goyal          | - | Joint Secretary  |
| 2. | Smt. Bharti Sanjeev Tuteja | - | Director         |
| 3. | Shri Kuldeep Singh Rana    | - | Deputy Secretary |
| 4. | Shri T. Mathivanan         | - | Deputy Secretary |

## **PART I**

2.      XX                      XX                      XX                      XX                      XX                      XX

                 XX                      XX                      XX                      XX                      XX                      XX.

(The witnesses then withdrew)

## **PART II**

3.      Thereafter, the Committee took up the following draft Action Taken Reports for consideration and adoption:

- (i)      Fourteenth Report on Action taken by the Government on the Observations/Recommendations contained in the First Report of the Standing Committee on Finance on 'Demands for Grants (2024-25)' of the Ministry of Finance (Departments of Economic Affairs, Expenditure, Financial Services, Public Enterprises and Investment and Public Asset Management).
- (ii)      Fifteenth Report on Action taken by the Government on the Observations/Recommendations contained in the Second Report of the Standing Committee on Finance on 'Demands for Grants (2024-25)' of the Ministry of Finance (Department of Revenue).
- (iii)      Sixteenth Report on Action taken by the Government on the Observations/Recommendations contained in the Third Report of the Standing Committee on Finance on 'Demands for Grants (2024-25)' of the Ministry of Corporate Affairs.
- (iv)      Seventeenth Report on Action taken by the Government on the Observations/Recommendations contained in the Fourth Report of the Standing Committee on Finance on 'Demands for Grants (2024-25)' of the Ministry of Planning.
- (v)      Eighteenth Report on Action taken by the Government on the Observations/Recommendations contained in the Fifth Report of the Standing Committee on Finance on 'Demands for Grants (2024-25)' of the Ministry of Statistics and Programme Implementation.
- (vi)      Nineteenth Report- Action taken by the Government on the Observations/Recommendations contained in the Eighth Report of the Standing Committee on Finance on 'Demands for Grants (2025-26)' of the Ministry of Finance (Departments of Economic Affairs, Expenditure, Public Enterprises and Investment and Public Asset Management).

- (vii) Twentieth Report- Action taken by the Government on the Observations/Recommendations contained in the Ninth Report of the Standing Committee on Finance on 'Demands for Grants (2025-26)' of the Ministry of Finance (Department of Revenue).
- (viii) Twenty-First Report on Action taken by the Government on the Observations/Recommendations contained in the Tenth Report of the Standing Committee on Finance on 'Demands for Grants (2025-26)' of the Ministry of Corporate Affairs.
- (ix) Twenty-Second Report on Action taken by the Government on the Observations/Recommendations contained in the Eleventh Report of the Standing Committee on Finance on 'Demands for Grants (2025-26)' of Ministry of Planning.
- (x) Twenty-Third Report on Action taken by the Government on the Observations/Recommendations contained in the Twelfth Report of the Standing Committee on Finance on 'Demands for Grants (2025-26)' of Ministry of Statistics and Programme Implementation.
- (xi) Twenty-Fourth Report on Action taken by the Government on the Observations/Recommendations contained in the Thirteenth Report of the Standing Committee on Finance on 'Demands for Grants (2025-26)' of Ministry of Finance (Department of Financial Services).

After some deliberations, the Committee adopted the above draft Action Taken Reports and authorised the Chairperson to finalise them and present the Reports to the Parliament.

The Committee then adjourned.

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## APPENDIX

(Vide Para 4 of the Introduction)

### ANALYSIS OF THE ACTION TAKEN BY THE GOVERNMENT ON THE RECOMMENDATIONS CONTAINED IN THE THIRD REPORT OF THE STANDING COMMITTEE ON FINANCE (EIGHTEENTH LOK SABHA) ON DEMANDS FOR GRANTS (2024-25) OF THE MINISTRY OF CORPORATE AFFAIRS

		Total	% of total
(i)	Total number of Recommendations	07	
(ii)	Observations/Recommendations which have been accepted by the Government (vide Recommendation Nos. 1, 2, 3, 4, 5, 6 and 7)	07	100%
(iii)	Observations/Recommendations which the Committee do not desire to pursue in view of the Government's replies	NIL	--
(iv)	Observations/Recommendations in respect of which replies of the Government have not been accepted by the Committee	NIL	--
(v)	Observations/Recommendations in respect of which final reply of the Government are still awaited	NIL	--

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