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**STANDING COMMITTEE ON FINANCE
(2025-26)**

EIGHTEENTH LOK SABHA

MINISTRY OF CORPORATE AFFAIRS

**[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']**

TWENTY FIRST REPORT



**LOK SABHA SECRETARIAT
NEW DELHI**

August, 2025/ Sravana, 1947 (Saka)

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[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']

Presented to Lok Sabha on 04 August, 2025

Laid in Rajya Sabha on 05 August, 2025



**LOK SABHA SECRETARIAT
NEW DELHI**

August, 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 Twenty First Report on action taken by Government on the Observations/Recommendations contained in the Tenth Report of the Committee (Eighteenth Lok Sabha) on Demands for Grants (2025-26) of the Ministry of Corporate Affairs.

2. The Tenth Report was presented to Lok Sabha / laid on the table of Rajya Sabha on 19 March, 2025. The Action Taken Notes on the Observations/Recommendations were received from Ministry of Corporate Affairs on 18 June, 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 Tenth 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 10th Report (Eighteenth Lok Sabha) on Demands for Grants (2025-26) of the Ministry of Corporate Affairs which was presented to Lok Sabha / laid in Rajya Sabha on 19th March, 2025.

2. The Action Taken Notes were received from Ministry of Corporate Affairs on 18th June, 2025. The Action Taken Notes have been received from the Government in respect of all the 10 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, 7, 8, 9 and 10

(Total - 10)
(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)

National Financial Reporting Authority (NFRA)

4. The Committee note that the primary mandate of the National Financial Reporting Authority (NFRA) since its establishment is ensuring high quality accounting and auditing standards; and safeguarding the interests of investors and the public. NFRA's efforts in issuing disciplinary orders, conducting audit inspections, and addressing lapses in auditor independence and fraud reporting are commendable. Its proactive approach in revising auditing standards, especially for group audits, and promoting awareness through events highlights its commitment to improving audit quality. However, the Committee observe a concerning trend in the underutilization of funds allocated to NFRA. Despite budget estimates (BE) and revised estimates (RE) showing significant allocations, actual expenditure has consistently fallen short. For instance, in FY 2023-24, the BE was ₹43.20 crore, but only ₹35.25 crore was utilised. In FY 2024-25, while the RE of ₹44 crore was expected/claimed to be fully utilized, actual expenditure was ₹37.26 crore, falling short by ₹6.74 crore. The Committee further note that BE for FY 2025-26 has increased to ₹47 crore, partly to address staffing and operational needs, as only 32 out of 69 sanctioned positions were filled as of FY 2024-25. Despite efforts to fill vacancies, the ongoing underutilization of funds raises concerns about resource efficiency. The Committee stress the need for urgent action to ensure efficient utilization of funds for NFRA's effective functioning, especially with its growing responsibilities in overseeing Public Interest Entities (PIEs). In this context, the Committee also observe that vacancy notices are being issued to fill 32 out of 69 sanctioned positions. To support NFRA's expanding role, the Committee recommend accelerating the recruitment process and establishing a dedicated, permanent cadre of skilled professionals. This will be crucial to strengthening its regulatory and oversight functions.

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

“Committee’s Observation on budget utilization during FY 2023-24 and 2024-25:

The overall allocation of NFRA in the BE was Rs. 43.20 Cr. of which Rs. 26.2 Cr. was in the OH: Grants-in Aid (GIA) – General and Rs. 17. Cr. was in OH: GIA- Salary. Due to overall budgetary cut in respect of the Ministry of Corporate Affairs at the RE Stage, the allocations in GIA- General of NFRA were reduced by Rs. 3.2 Cr. to Rs. 23 Cr. which was used in full. The allocations in GIA-Salary were reduced from Rs. 17 Cr. to Rs. 15.5 Cr. out of which only Rs. 12.25 Cr. could be used. This was because NFRA had anticipated that the salaries of the Staff would be revised but that did not materialize. Therefore Rs. 3.25 Cr. in GIA- Salaries couldn't be utilized by NFRA.

The figure of Rs. 37.26 crore having been utilized by NFRA during 2024-25 was intimated by the Ministry in response to the List of Points for the meeting of the Standing Committee on Finance scheduled for 18.02.2025. However, by the end of the financial year entire budgetary allocation of Rs. 44 Cr. was utilized by NFRA.

Committee's Observation regarding vacancies in NFRA:

NFRA regularly advertises vacancies to fill up posts at different grades and is making continuous efforts to accelerate the recruitment process and establish a dedicated, permanent cadre of skilled professionals to strengthen its regulatory and oversight functions. Vacancy circulars for various positions have been regularly advertised from time to time between 2019-2025, the latest being on 20.2.2025. The last date for submitting applications was 13.5.2025. The applications so received are under scrutiny.

The pace of recruitment is affected by the modes of recruitment prescribed for various posts. It may kindly be noted that at higher levels, posts are to be filled by 'promotion failing which by deputation. The first batch of direct recruits (Assistant Manager and Manger level) will be eligible for promotion only on 01.01.2026. And at higher levels, while suitable personnel have been joining, 15 officers have also left NFRA due to completion of tenure or administrative exigencies."

6. The Committee acknowledge the National Financial Reporting Authority's (NFRA) commendable efforts in upholding high-quality accounting and auditing standards and safeguarding investor interests. Furthermore, the Committee appreciate the Ministry's progress in ensuring the full utilization of the Rs. 44 crore allocated to NFRA by the end of fiscal year 2024-25, a noticeable improvement compared to FY 2023-24. However, a persistent concern highlighted by the Committee is the ongoing challenge in filling sanctioned positions within NFRA. As of FY 2024-25, only 32 out of 69 posts have been filled. While the Ministry acknowledges these vacancies and cited reasons such as complexities of recruitment modes (promotion failing which by deputation) and officer attrition and it has detailed ongoing recruitment efforts, including recent advertisements, the Committee believe that the current pace is inadequate given NFRA's increasing regulatory responsibilities. The Committee, therefore, reiterate the urgent need to significantly accelerate the recruitment process to fill all vacant positions within a defined timeframe. This necessitates drawing up a roadmap for establishing a dedicated, permanent cadre of skilled professionals for NFRA. This roadmap should also address current recruitment bottlenecks by potentially reviewing and revising recruitment rules for higher echelons, where appropriate, to reduce the over-reliance on deputation. Additionally, the roadmap should outline robust strategies for professional development and retention to build a stable and expert workforce, which is crucial for NFRA's vital oversight of Public Interest Entities.

Recommendation (Serial No. 7)

Serious Fraud Investigation Office (SFIO)

7. The Committee note that while the Ministry highlights key areas in which frauds are being committed, it lacks clear follow-up actions; timelines; and monitoring mechanism. It does not address the need for stronger bank scrutiny; the closure of Ponzi schemes; or resolving digital lending loopholes, nor does it provide outcomes of disciplinary actions. Additionally, the response on penalties and convictions is vague, offering only basic figures without context or details on why higher court convictions were not upheld. The Committee should be apprised of complete details along with the status and effectiveness of legal actions. The Committee also feel that the Ministry should come out with a concrete plan to ensure effective enforcement and accountability. The Committee further urge that improved coordination, expedited trials, and enhanced case management, as well as exploring external expertise from Certified Fraud Examiners (CFEs) to fill specialized knowledge gap in SFIO in combating financial crimes.

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

“a) The cases are referred by the MCA to SFIO for conducting the investigations into the affairs of the Company and the mandate of SFIO is to furnish the Investigation Report (IR), which includes the charges levied upon the respective persons/entities liable for the offences committed under various provisions of the Company Act, 2013 and other recommendations for referring IR to other LEA’s for taking further necessary action under provisions of other allied Acts. After receiving prosecution sanction from the competent authority, the complaint against the erring individuals and entities are filed by SFIO before the Hon’ble Court for further proceedings. The whole procedure is monitored by the Competent Authority in adherence to the stipulated timelines.

b) The IR invariably carries the recommendations to refer the matter of irregularities in bank scrutiny, monitoring & finance disbursal processes, if any,

observed in the case assigned to SFIO, to the Reserve Bank of India for taking further necessary action.

c) In case of any findings revealed in any IR about the fictitious/paper entities, recommendations through IR are sent to the respective RD/ RoCs for striking off such entities.

d) It is stated that since formation of SFIO, 379 no. criminal complaints cases have resulted in conviction/compounding. As on date 734 numbers of prosecutions initiated under the Companies Act, 2013 are pending disposal in various courts throughout India.

e) The primary reasons behind pendency of Criminal Prosecutions which involve complex financial frauds are as under:-

- Large no. of accused persons.*
- Large no. of prosecutions witnesses and voluminous documents.*
- Multiple offences/charges under Companies Act and IPC in one complaint case to maintain sequence of courts.*
- Number of bail applications, discharge applications/supply of documents etc., are contested.*
- Common courts are trying the offences under Companies Act as well as those of SEBI, IBC, ROC, and Income-Tax etc.*

f) To mitigate the constraints and for speeding up the disposal of the cases, following measures have been proposed to be initiated recently for better case management and effective co-ordination:

- Investigations report will focus on offences pertaining to commission of fraud under section 447 & 448 of the Companies Act, 2013 only, or punishable under section 447. Thus, prosecution will be focused.*
- To refer the cases investigated by SFIO wherein offences of compoundable nature or attracting only penalty to ROC/RD for filing of cases/adjudication.*
- Engagement of panel counsels for pursuing prosecutions in the competent courts.*
- Recruitment of prosecutors for SFIO through UPSC.*

- *Engagement of CA firms having the knowledge and experience of forensic audit for analysis of Financial data*
- *Engagement of bankers as expert for analysis of banking Data/Information.*
- *Analysis of data/information using services of Computer Forensic & Data Mining Laboratory (CFDML).”*

9. The Committee note the Ministry of Corporate Affairs' articulation of the Serious Fraud Investigation Office's (SFIO) mandate and operational modalities, which includes the systematic referral of banking irregularities to the Reserve Bank of India and recommendations for striking off fictitious entities, alongside an outlining of proposed enhancements to case management, such as focusing investigations, engaging panel counsels, recruiting prosecutors, and leveraging external expertise for financial and banking data analysis.

The Committee, however, observe the Ministry's response lacks a concrete, outcomes-driven strategy to address their profound concerns. Key deficiencies include the absence of tangible follow-up data illustrating the efficacy and impact of SFIO's referrals to external regulatory bodies like the Reserve Bank of India, rendering the ultimate effect of its investigations beyond its immediate purview demonstrably opaque; insufficient detail in judicial analysis regarding convictions and higher court attrition; and a reactive paradigm that fails to outline a proactive strategy against systemic vulnerabilities like bank scrutiny, Ponzi schemes, or digital lending loopholes, thus obscuring a comprehensive understanding of SFIO's legal prowess and the systemic bottlenecks within the prosecution ecosystem. Furthermore, the proposed measures lack definitive implementation timelines and rigorous oversight.

Therefore, the Committee recommend that the Ministry furnish a comprehensive, evidence-based report detailing the impact of SFIO's referrals and a detailed judicial analysis of prosecutions. The Committee further urge the Ministry to develop a proactive and multi-pronged strategy for combating financial crimes at their genesis, a time-bound implementation roadmap for all proposed reforms with clear monitoring in coordination with all stakeholders concerned, while concomitantly exploring the integration of dedicated specialized forensic acumen, such as Certified Fraud Examiners (CFEs), to bolster SFIO's investigatory and prosecutorial efficacy.

Recommendation (Serial No. 8)

Corporate Social Responsibility (CSR)

10. The Committee note the significant progress made under the Corporate Social Responsibility (CSR) framework, particularly with regard to the CSR expenditure by both public and private sector companies. However, the Committee is concerned about several gaps in the enforcement and monitoring of CSR compliance. The Ministry has provided basic data on CSR expenditure and notices issued for non-compliance, but there is a lack of detailed analysis on the effectiveness of CSR spending, the actual impact of the implemented projects; and the enforcement of penalties. Additionally, the unspent CSR funds and the effectiveness of the 'unspent CSR account' mechanism remain insufficiently transparent.

The Committee, therefore, recommend that the Ministry should establish a more comprehensive reporting and monitoring framework to ensure greater transparency in CSR spending, especially regarding unspent funds. This should include the regular publication of detailed reports on the impact and outcomes of CSR projects; a more robust system for monitoring ongoing projects, and timely enforcement of penalties for non-compliance. Furthermore, the Ministry should consider strengthening the role of the Implementing Agencies and ensure better tracking of their performance to guarantee that CSR funds are being utilised effectively and for their intended purposes.

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

“The legal framework for CSR has been provided under Section 135 of the Companies Act, 2013 (‘Act’), Schedule VII of the Act and Companies (CSR Policy) Rules, 2014. Every company having net worth of Rs. 500 crore or more or turnover of Rs. 1000 crore or more or net profit of Rs. 5 crore or more during immediately preceding financial year shall ensure that it spends, in every financial year, at least 2% of the average net profits of the company made during the three

immediately financial years, on Corporate Social Responsibility (CSR) activities, in areas or subjects specified in Schedule VII of the Companies Act, 2013 ('Act').

Under the Act, CSR is a Board driven process and the Board of the company is empowered to plan, decide, execute and monitor CSR activities based on the recommendations of its CSR Committee. The CSR framework is disclosure based and CSR mandated companies are required to file details of CSR activities annually in the MCA21 registry. The CSR mandated companies are required to provide additional information in their Profit & Loss Account regarding amount of expenditure incurred on CSR activities. Further, the Board of the company is also required to disclose the CSR Policy implemented by the company in its Board report. Thus, the framework such as mandatory disclosures, accountability of the CSR Committee and the Board, provisions for additional information in the accounts of the company etc. provide for reporting of CSR activities/ expenditure.

In addition, every eligible company has to constitute a CSR Committee comprising of three or more directors. The Committee shall formulate and recommend the CSR policy which indicates the activities to be undertaken by the company in areas or subjects specified in Schedule VII. The Board of the company has to satisfy itself that the funds so disbursed have been utilised for the purposes and in the manner as approved by it, and the Chief Financial Officer or the person responsible for financial management shall certify to the effect. The details of CSR activities, Impact Assessment etc. are required to be reported by the companies in the 'Annual Report on CSR' including an annual action plan on CSR which is part of the Company's Board Report. The Board's Report including Annual Report on CSR is an important tool of communication by the Board of a company to its shareholders. Further, those companies who have their websites are required to make disclosures such as composition of CSR Committee, CSR Policy and CSR projects approved by Board on their website for public access and transparency.

The expenditure on CSR activities is also required to be audited by the statutory auditors of the company. Further, Ministry has notified the Companies (Auditor's Report) Order, 2020, ("CARO, 2020") applicable from FY 2021-22 which requires auditors to state details of any unspent CSR amount. Thus, the corporate governance framework along with the existing legal provisions such as accountability of the Board, CFO and CSR Committee, provisions for statutory audit of accounts of the company by Auditor etc. provide accurate monitoring framework to ensure greater transparency in utilization of CSR spending. Whenever violation of CSR provisions is reported, action against such non-compliant Companies is initiated as per provisions of the Act after due examination of records and following due process of law.

Through the Companies (Amendment) Acts, 2019 and 2020, certain amendments to Section 135 of the Act were made to provide for treatment of unspent CSR amount on the basis of nature of the project. In case of an ongoing project, the company is required to transfer the unspent amount to a special account of the company i.e 'Unspent CSR Account', within 30 days from the end of financial year and spend the same in pursuance of its CSR policy within the next three financial years from the date of such transfer. After lapse of three financial years, the amount remaining unspent, if any, is required to be transferred to any Fund mentioned in Schedule VII of the Act. In case of other than an ongoing project, the company is required to transfer the unspent CSR amount to any Fund mentioned in Schedule VII of the Act within a period of six months from the end of the financial year.

Rule 8 of the Companies (CSR Policy) Rules, 2014 contains provisions related to impact assessment of CSR projects that every company having average CSR obligation of 10 crore rupees or more in pursuance of sub-section (5) of section 135 of the Act, in the three immediately preceding financial years, shall undertake impact assessment, through an independent agency, of their CSR projects having outlays of one crore rupees or more, and which have been completed not less than one year before undertaking the impact study.

There are also penalty provisions provided under the Act related to violation of CSR provisions for not spending the CSR amount as well as the non-compliance with the treatment of unspent CSR amount as follows:

<i>Company</i>	<i>Twice the unspent amount required to be transferred to any fund included in schedule VII of the Act or Unspent CSR account, as the case may be or one crore rupees, whichever is less.</i>
<i>Every Officer in Default</i>	<i>1/10th of the unspent amount required to be transferred to any fund included in schedule VII of the Act or Unspent CSR account or two lakh rupees, whichever is less.</i>

Thus, the cited framework of CSR provides accurate mechanism of reporting, monitoring, penalty for non-compliance and proper utilization of CSR funds.”

12. The Committee note the Ministry of Corporate Affairs' (MCA) detailed exposition of the Corporate Social Responsibility (CSR) legal framework, encompassing mandatory expenditure, governance protocols, unspent funds management, impact assessments, and penalty provisions. However, the Committee observe that the Ministry's response, while adeptly enumerating these statutory facets, conspicuously sidesteps the paramount concern regarding the demonstrable efficacy, transparent execution, and verifiable societal impact of CSR disbursements on the ground. The assertion that the "cited framework of CSR provides accurate mechanism of reporting, monitoring, penalty for non-compliance and proper utilization" remains an unquantified claim, devoid of empirical substantiation, or performance metrics on project outcomes, utilization of all unspent funds, or specific, impactful enforcement actions.

The Committee, therefore, reiterate their recommendation and urge the Ministry to build a truly transparent and results-oriented CSR oversight system for:-

- (i) Requiring companies to submit, and the Ministry to publish, analytical reports detailing the actual socio-economic impact of CSR projects, not just how much was spent;**
- (ii) Creating a public system to transparently track all unspent CSR funds to ensure they are properly used;**
- (iii) Providing exhaustive data on all enforcement actions, including the type of non-compliance, penalties collected, and their effectiveness; and**
- (iv) Implementing a clear policy for monitoring and accountability of all agencies that carry out CSR projects, ensuring funds are used wisely and as intended.**

Recommendation (Serial No. 10)

Environmental, Social, and Governance (ESG) Regulations

13. The Committee acknowledge India's significant strides in promoting Environmental, Social, and Governance (ESG) practices through frameworks such as the Business Responsibility and Sustainability Reporting (BRSR) and the National Guidelines on Responsible Business Conduct (NGRBCs). These frameworks represent a major leap in fostering a responsible and sustainable business environment in the country. However, despite these advancements, there are several challenges remain that hinder the full effectiveness of India's ESG framework. These include the persistent risk of greenwashing, inconsistent implementation across sectors, and the difficulties faced by small businesses in adopting ESG practices.

To address these challenges and enhance the impact of India's ESG regulations, the Committee recommend the following multi-pronged approach:-

(i) First, to strengthen monitoring and enforcement, the Committee proposes the creation of a dedicated ESG oversight body within Ministry of Corporate Affairs. This body would be responsible for monitoring ESG disclosures, ensuring compliance with reporting standards, and introducing penalties for greenwashing.

(ii) Further, the Committee strongly believe that integrating ESG principle with corporate governance is crucial. They recommend amending the Companies Act, 2013, to include ESG objectives as part of their fiduciary duties of Directors. This would make it mandatory for boards to oversee the integration of ESG considerations into their business strategies.

(iii) Independent ESG committees, similar to audit committees, should be established within boards to ensure that ESG strategies are effectively implemented and monitored.

(iv) The Ministry may dedicate a chapter for ESG in their Annual Report, which is currently missing, from the next year i.e., 2025-26 onwards.

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

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S.No.	Recommendation of the Committee	Reply of the Ministry
(i)	First, to strengthen monitoring and enforcement, the Committee proposes the creation of a dedicated ESG oversight body within Ministry of Corporate Affairs. This body would be responsible for monitoring ESG disclosures, ensuring compliance with reporting standards, and introducing penalties for greenwashing.	Environmental, Social and Governance (ESG) while may not find a direct mention in the Companies Act, 2013, but its essence is embedded in it, aligning corporate conduct with sustainability and ethical standards. The key aspects of the Act that promote ESG principles are categorized under Environmental, Social and Governance and are as follows- ENVIRONMENTAL: 1. Energy Conservation Section 134(3)(m) requires that companies include details on energy conservation measures undertaken by the board in their annual reports, encouraging sustainable energy practices. Inclusion of ESG principles in the Companies Act, 2013, underscores India's commitment to sustainable corporate governance, balancing economic success with social and environmental. SOCIAL: 2. Appointment of Women Director: In accordance with the second proviso to Section 149(1) and Rule 3 of the Companies (Appointment and Qualification of

		<i>Directors) Rules, 2014, certain class of companies are required to appoint Woman Director under the Companies Act, 2013.</i> <i>3. POSH Act: Vide notification dated 30th May, 2025, disclosure on POSH Act has also been inserted to be disclosed in e-form AOC-1 which has been prescribed under Companies (Accounts) Rules, 2014.</i> <i>4. Disclosure on Maternity Benefit: Further, a statement by the Company with respect to the compliance of the provisions relating to the Maternity Act, 1961 has also been inserted to be disclosed in e-form AOC-1.</i> GOVERNANCE: <i>5. Duties of Directors</i> <i>Section 166(2) emphasizes the director's role in promoting the company's goals while considering the interests of shareholders, employees, the community, and the environment.</i> <i>Directors are required to act in good faith to safeguard environmental interests, adding an explicit environmental duty to their responsibilities.</i> <i>6. Transparency and Disclosure</i> <i>The Act mandates that companies disclose their CSR initiatives, governance structure, and financial</i>
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		<i>performance comprehensively in annual reports, fostering transparency and accountability.</i> <i>7. Corporate Social Responsibility (CSR)</i> <i>Section 135 of the Companies Act mandates that companies meeting specific financial thresholds contribute to CSR activities. A company is required to spend at least 2% of its average net profits on CSR activities if it:</i> <i>• Has a net worth of INR 500 crore or more, or</i> <i>• Generates a turnover of INR 1000 crore or more, or</i> <i>• Has a net profit of INR 5 crore or more.</i> <i>CSR activities are specified under Schedule VII, which includes areas like poverty alleviation, education, gender equality, and environmental sustainability.</i> <i>Thus, as far as creating a separate dedicated ESG body within the Ministry is concerned, it is submitted that the above mentioned disclosures are already part of the financial statements and the Board of the respective companies are responsible for compliance of the aforementioned disclosures required under the Act and rules made thereunder. A separate monitoring mechanism would not be in consonance with the principles of the regulatory regime i.e. Ease of Doing Business coupled with suitable enforcement action in cases of violation.</i>
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(ii)	<i>Further, the Committee strongly believe that integrating ESG principle with corporate governance is crucial. They recommend amending the Companies Act, 2013, to include ESG objectives as part of their fiduciary duties of Directors. This would make it mandatory for boards to oversee the integration of ESG considerations into their business strategies.</i>	<i>As explained above, the disclosures are part of Board Report which is Annexure to AOC-1/ AOC-4. Any violations regarding it comes under Section 134(8).</i> <i>Thus it is well seen that except the mention of ESG in the Act, its objectives are directly/ indirectly incorporated under the Act or the rules made thereunder.</i> <i>Further, penal provisions for non-Appointment of Women Directors (Section 172 of the Act), Non-compliance of Board and Director's Duties [Section 134(8) & 166(7) of the Act respectively], CSR provisions [Section 135(7) of the Act] and non-compliance in preparation of financial statements without requisite disclosures [Section 129(7) of the Act] have been provided under the Act. Thus, the Companies Act provides adequate monitoring mechanism to oversee its compliances.</i>
(iii)	<i>Independent ESG committees, similar to audit committees, should be established within boards to ensure that ESG strategies are effectively implemented and monitored.</i>	<i>As far as creating a separate independent ESG committee is concerned, it is submitted that the relevant disclosures mentioned hereinabove required under the Companies Act, are already part of the financial statements/ disclosures and the Board of the respective companies are responsible for compliance of the aforementioned disclosures. In case of any non-compliance, the penalty provisions have also been provided under the Act as mentioned in point (ii) above.</i>
(iv)	<i>The Ministry may dedicate a chapter for ESG in their Annual</i>	<i>Recommendations of the Committee have been noted for further examination and action in consultation with all other stakeholders.</i>

	<i>Report, which is currently missing, from the next year, i.e., 2025-26 onwards.</i>	
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15. The Committee are given to understand that Environmental, Social, and Governance (ESG) principles are embedded within the existing Companies Act, 2013, statutory provisions are in place concerning energy conservation, gender diversity in directorships, workplace harassment disclosures, maternity benefits, directors' duties, and Corporate Social Responsibility (CSR) framework. The Committee also note the Ministry's demurral against establishing a dedicated ESG oversight body on the assertion that the prevailing disclosure-based regime, underpinned by Board accountability and extant penal provisions, constitutes an "adequate monitoring mechanism" and facilitates "Ease of Doing Business," thus rendering additional explicit mandates redundant.

However, the Committee find the Ministry's response to be fundamentally defensive and a mere recapitulation of the *status quo*, failing to address critical concerns regarding greenwashing, inconsistent ESG implementation, and challenges faced by nascent enterprises in adopting robust ESG practices. While the Ministry meticulously itemize existing provisions, it provides no empirical substantiation, analytical insights, or tangible data to corroborate that these provisions are effectively mitigating deceptive ESG claims, ensuring harmonious ESG adoption, or proactively supporting smaller entities.

Therefore, the Committee while reiterating their call for a proactive, robust, and enforcement-oriented paradigm for ESG governance; urge the Ministry to establish dedicated ESG oversight body for actively combating greenwashing through specialized forensic expertise; formulation of sector-specific guidelines; extending targeted support to Micro, Small, and Medium Enterprises (MSMEs), and to ensuring expeditious and deterrent application of penal provisions against fraudulent ESG claims. The Committee are of the view that while Section 166(2) provides a broad stroke, a direct and unambiguous legislative mandate will elevate ESG considerations to a non-negotiable strategic imperative for Boards, providing a clear legal bedrock for accountability in integrating sustainability into core business strategies, thereby transitioning from mere disclosure to fundamental corporate responsibility. The Committee, therefore, strongly reaffirm the need for statutory amendments to the Companies Act, 2013, to explicitly enshrine ESG objectives as integral components of Directors' fiduciary duties.

CHAPTER - II

OBSERVATIONS/RECOMMENDATIONS THAT HAVE BEEN ACCEPTED BY THE GOVERNMENT

Recommendation (Serial No. 1)

BUDGETARY ALLOCATION AND UTILIZATION

The Committee note that the budgetary allocation of the Ministry of Corporate Affairs (MCA) has been steeply increased to Rs.11,561.19 crore in Budget Estimate (2025-26) from Rs.1078.43 crore in Revised Estimate (2024-25). The Ministry has attributed this upward revision of funds mainly due to allocation of Rs.10831.07 crore for PM Internship Scheme; Rs.719.12 crore for expenditure on establishment and other offices; and Rs.11 crore for Corporate Data Management Scheme. The Committee, however, is skeptical of full utilization of funds in the current financial year given the recurring trend of reduction of funds in RE; surrender of funds and underutilization during the previous years. In the financial year 2022-23, the BE of ₹733.02 crore was revised to ₹630.36 crore at RE stage; but actual expenditure was only ₹568.69 crore, resulting in a surrender of ₹161.47 crore. Similarly, in the financial year 2023-24, the BE of ₹756.19 crore was revised to ₹617.43 crore, with actual spending at ₹590.84 crore, and surrender of Rs.26.59 crore. The situation has further worsened in the financial year 2024-25, where, the BE of Rs.2667.06 was revised to Rs.1078.43 crore; but could spend so far only ₹517 crore. The Committee feel that such reduction of funds at RE stage; under-utilization and surrender of funds will have an adverse effect on implementation of the Schemes and the future budget of the Ministry. The Committee, therefore, recommend the Ministry to strengthen their budgetary mechanism and take corrective measures for optimal utilization of funds so as to achieve the intended objectives.

Reply of the Government

The Ministry acknowledges the observations of the Hon'ble Standing Committee on Finance regarding the significant increase in the budgetary allocation for the financial

year 2025-26 and the concerns raised in relation to the under-utilization of funds in previous years.

The substantial increase in Budget Estimate (BE) 2025-26 to ₹11,561.19 crore is primarily on account of the launch of the PM Internship Scheme, with an allocation of ₹10,831.07 crore, which constitutes around 94% of the total BE. This scheme is a major new initiative of the Government aimed at creating meaningful internship opportunities for youth. For financial year 2025-26, the full-year allocation is based on projected coverage and implementation plans. Necessary groundwork, including guidelines, IT infrastructure, and coordination with stakeholders, is undertaken by PMIS Cell to ensure smooth and timely implementation.

The Ministry would also like to clarify that while there have been instances of reduced expenditure and surrender of funds in previous years. During FY 2024-25, the reduction in RE from ₹2,667.06 crore to ₹1,078.43 crore was largely because the funds were surrendered under PM Internship Scheme. This has impacted the actual expenditure during the year.

The Ministry has taken note of the Committee's recommendation to strengthen its budgetary planning and fund management systems. In this regard, enhanced monitoring mechanism through monthly expenditure reviews in Senior Officer's Meeting is being done along with closer coordination with Program Divisions.

The Ministry remains committed to optimal utilization of budgetary resources and achieving the intended outcomes of all schemes and initiatives. The concerns raised by the Committee are noted and will be duly factored into future planning and execution cycles to improve efficiency and accountability.

[Ministry of Corporate Affairs O.M. No. G-12011/1/2025-Bgdt-MCA dated 18.06.2025.]

Recommendation (Serial No. 2)

Prime Minister Internship Scheme

The Committee commend the ambitious vision of the Prime Minister's Internship Scheme (PMIS), which aims to provide 1 crore internships to youth with an estimated financial outlay of ₹63,000 crore over five years in two-phases with the ultimate goal of empowering youth and bridging the skills gap in the country. In pursuit of this goal the Ministry in the first-round of pilot phase that commenced on 3 October, 2024, provided more than 1.27 lakh internship opportunities against the target of 1.25 lakh internships. However, only 8725 candidates have joined so far out of more than 28000 candidates who have accepted the offers. In the second round which was commenced from 9 January 2025, about 1.15 lakh internship opportunities have been posted by the partner companies till 14 February 2025. The Committee note that in the financial year 2024-25, the BE of Rs.2000 crore was reduced to Rs.380 crore in RE and actual spent as of mid-February, 2025 is Rs.21.10 crore. In the financial year 2025-26, the allocation has been significantly increased to Rs.10831.07 crore. While appreciating the Ministry for taking all efforts to achieve the ambitious target of the scheme; the Committee urge the Ministry to act swiftly and decisively to overcome/address the key challenges faced during pilot phase viz. mismatch between the number of internship opportunities offered and actual participation; longer duration of internships; under-utilization of funds; imbalanced gender ratio of male to female interns stands at 72:28; lack of alignment between candidates' interests and the roles offered. The Committee believe that with prompt corrective actions and mass outreach programme, the ambitious goals of the PMIS could be realized. The Ministry should encourage all States to set up a dedicated agency to provide a focused approach to implementation and monitoring the Scheme to create employable skilled youth across the country.

Reply of the Government

The Pilot Project of the PM Internship Scheme, targeted at providing 1.25 lakh internship opportunities to the youth in a period of one year, was launched on 3rd October, 2024. In the first round of the Pilot Project, more than 1.27 lakh internship opportunities

were provided by the partner companies in 745 districts across the country. Against these, approximately 6.21 lakh applications were received, from over 1.8 lakh candidates. In the first round, partner companies have made over 82000 internship offers to over 60000 candidates, out of which, more than 28000 candidates accepted offers to join the internship. In Round-I, more than 8700 candidates, belonging to 686 districts joined the internship under the scheme.

To assess the reasons for the mismatch between the number of internship opportunities offered and actual participation, the Ministry has carried out concurrent evaluation of the scheme, through a feedback Survey carried out by the following institutes:

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

On the basis of the feedback received from companies; outbound calls made by the call center to the candidates and as per the survey of the abovementioned institutes, the following reasons for low acceptance / joining were observed:

- i. Location is an important consideration and ideal travel distance is between 5-10 km.
- ii. Internship period is longer than normal skilling programs.
- iii. Candidates not interested in roles offered.
- iv. For ITI and Polytechnic, age reduction was requested.

On the basis of the feedback received, many issues were addressed in the Round II of the PM Internship Scheme- Pilot Project, such as:

- a) To address the issue of low joining, due to lack of clarity regarding location of internship at the time of application, in Round II exact internship location, along with geo tagging of the internship location was provided on the Portal so that the youth could apply for internships based on their location preferences;

- b) To address information gap about the roles offered, Company's name and company's profile was made visible on the Portal in Round II. Further, any additional benefits or assistance offered by the company, were made visible to the candidates. Lastly, partner companies were advised to mention detailed job description so that candidates could apply as per their qualification and interest.
- c) To involve state governments in mass outreach and implementation of the Scheme, following steps have been taken in the Round II of the PM internship Scheme- Pilot Project:
- i. Hon'ble Minister of Finance and Corporate Affairs has written a DO Letter to all the Chief Ministers of all the States and the Members of Parliament for seeking their support in spreading awareness about the Scheme.
 - ii. Dashboards were provided to the state governments for active monitoring and to encourage youth participation in the scheme. Further, active engagement with state governments, and collaboration with ULBs was done to conduct IEC campaigns at more than 100 places across the country.
 - iii. On request of the Ministry of Corporate Affairs, most of the State/UT Governments have designated Nodal Departments/Officers to support outreach activities. Additionally, the Ministry has appointed Nodal Officers in its Regional Offices, i.e., the Registrars of Companies (RoC)/ Regional Directorate Offices, who are actively involved in executing Information, Education, and Communication (IEC) initiatives to connect with the target audience nationwide.
 - iv. The Guidelines of the PM Internship Scheme Pilot Project provide for constitution of a Monitoring and Steering Committee (the Committee/MSC) to oversee design implementation, operations and other aspects. This committee consisting stakeholders from Central Government, State Governments and various Industry Associations have been constituted vide order dated 10th February, 2025. The first meeting of MSC was held on 4th April, 2025 wherein flexibility of duration for internship under the scheme has been discussed.
- d) Further, the Ministry of Corporate Affairs has undertaken concerted efforts to enhance awareness and outreach of the Scheme among both youth and industry

stakeholders. In this regard, the Ministry is actively engaging with various stakeholders, including Central Government Ministries and Departments, as well as industry associations such as the Confederation of Indian Industry (CII) and the Federation of Indian Chambers of Commerce and Industry (FICCI), to facilitate effective promotion and implementation of the Scheme.

- e) With reference to the observed gender imbalance among interns selected under the Scheme, it is submitted that in the Round I of the Pilot Project, the 31% of applicants were female candidates. The representation of female amongst the interns stands at 28 percent which is almost consistent with the representation of female at the application stage. Due to the changes mentioned above, and the extensive IEC activities carried out by the Ministry, there has been an increase in participation of female candidates in Round II of the PM Internship Scheme- Pilot Project. In the Round II, female candidates constitute more than 41% of the applicants. The selection/ joining process for Round II is ongoing.

In round II which commenced on 9th January 2025, about 327 partner companies posted over 1.18 lakh internship opportunities (new and edited unfilled opportunities of previous round) across 735 districts of the country. Against these, approximately 4.55 lakh applications have been received from over 2.14 lakh candidates. Selection/ joining process of Round II is ongoing.

It is further submitted that the Pilot Project was a pivotal phase that has allowed for testing concepts, strategies and systems before a full-scale implementation. Based on the feedback received from the stakeholders' consultations and evaluation of outcomes during the implementation of the Pilot Project, the Ministry of Corporate Affairs will submit its proposal to the competent authority for the full scale roll out of the PM Internship Scheme.

[Ministry of Corporate Affairs O.M. No. G-12011/1/2025-Bgdt-MCA dated 18.06.2025.]

Recommendation (Serial No. 3)

Corporate Data Management Scheme

The Committee note that the Centralized Data Management (CDM) Scheme, initiated in the financial year 2015-16 plays a pivotal role in corporate sector data and sharing of customized information for policy making and regulatory processes of the Ministry of Corporate Affairs as well other departments; regulatory bodies and enforcement agencies. The Committee also note that the CDM Scheme is highly manpower-intensive, with most of its regular expenses allocated to sourcing technical and functional professionals. However, it has been submitted before this Committee that the scheme has been facing key challenge in retention of talent due to non-competitive remuneration which has not been revised since inception of the scheme. This has adversely affected the implementation of the scheme; allocation and utilization of funds over the years. The Committee also note that the third-party evaluation of the scheme was last conducted in the year 2020. The Committee, therefore, recommend the Ministry to expedite the ongoing proposal of restructuring the administrative setup keeping in view the mandate of the scheme and implement in a time-bound manner. The Committee further recommend the Ministry to evaluate the scheme periodically to assess its effectiveness and to address any gaps in implementation.

Reply of the Government

The challenge of retention of talented and experienced resources to implement Corporate Data Management Scheme (CDM) under Ministry of Corporate Affairs is expected to be solved with proposed implementation of revision in the pay structure of the technical professionals. The proposal is under active consideration of the Ministry.

As far as evaluation of the scheme is concerned it is to be informed that Third Party Evaluation (TPE) of the scheme performance for the period of the 15th FC Cycle during the Financial Year from 2021-22 to 2025-26 has been entrusted to the Data Monitoring and Evaluation Office (DMEO) of Niti Ayog.

[Ministry of Corporate Affairs O.M. No. G-12011/1/2025-Bgdt-MCA dated 18.06.2025.]

Recommendation (Serial No. 4)

National Financial Reporting Authority (NFRA)

The Committee note that the primary mandate of the National Financial Reporting Authority (NFRA) since its establishment is ensuring high quality accounting and auditing standards; and safeguarding the interests of investors and the public. NFRA's efforts in issuing disciplinary orders, conducting audit inspections, and addressing lapses in auditor independence and fraud reporting are commendable. Its proactive approach in revising auditing standards, especially for group audits, and promoting awareness through events highlights its commitment to improving audit quality. However, the Committee observe a concerning trend in the underutilization of funds allocated to NFRA. Despite budget estimates (BE) and revised estimates (RE) showing significant allocations, actual expenditure has consistently fallen short. For instance, in FY 2023-24, the BE was ₹43.20 crore, but only ₹35.25 crore was utilised. In FY 2024-25, while the RE of ₹44 crore was expected/claimed to be fully utilized, actual expenditure was ₹37.26 crore, falling short by ₹6.74 crore. The Committee further note that BE for FY 2025-26 has increased to ₹47 crore, partly to address staffing and operational needs, as only 32 out of 69 sanctioned positions were filled as of FY 2024-25. Despite efforts to fill vacancies, the ongoing underutilization of funds raises concerns about resource efficiency. The Committee stress the need for urgent action to ensure efficient utilization of funds for NFRA's effective functioning, especially with its growing responsibilities in overseeing Public Interest Entities (PIEs). In this context, the Committee also observe that vacancy notices are being issued to fill 32 out of 69 sanctioned positions. To support NFRA's expanding role, the Committee recommend accelerating the recruitment process and establishing a dedicated, permanent cadre of skilled professionals. This will be crucial to strengthening its regulatory and oversight functions.

Reply of the Government

Committee's Observation on budget utilization during FY 2023-24 and 2024-25:

The overall allocation of NFRA in the BE was Rs. 43.20 Cr. of which Rs. 26.2 Cr. was in the OH: Grants-in Aid (GIA) – General and Rs. 17. Cr. was in OH: GIA- Salary.

Due to overall budgetary cut in respect of the Ministry of Corporate Affairs at the RE Stage, the allocations in GIA- General of NFRA were reduced by Rs. 3.2 Cr. to Rs. 23 Cr. which was used in full. The allocations in GIA-Salary were reduced from Rs. 17 Cr. to Rs. 15.5 Cr. out of which only Rs. 12.25 Cr. could be used. This was because NFRA had anticipated that the salaries of the Staff would be revised but that did not materialize. Therefore Rs. 3.25 Cr. in GIA- Salaries couldn't be utilized by NFRA.

The figure of Rs. 37.26 crore having been utilized by NFRA during 2024-25 was intimated by the Ministry in response to the List of Points for the meeting of the Standing Committee on Finance scheduled for 18.02.2025. However, by the end of the financial year entire budgetary allocation of Rs. 44 Cr. was utilized by NFRA.

Committee's Observation regarding vacancies in NFRA:

NFRA regularly advertises vacancies to fill up posts at different grades and is making continuous efforts to accelerate the recruitment process and establish a dedicated, permanent cadre of skilled professionals to strengthen its regulatory and oversight functions. Vacancy circulars for various positions have been regularly advertised from time to time between 2019-2025, the latest being on 20.2.2025. The last date for submitting applications was 13.5.2025. The applications so received are under scrutiny.

The pace of recruitment is affected by the modes of recruitment prescribed for various posts. It may kindly be noted that at higher levels, posts are to be filled by 'promotion failing which by deputation. The first batch of direct recruits (Assistant Manager and Manager level) will be eligible for promotion only on 01.01.2026. And at higher levels, while suitable personnel have been joining, 15 officers have also left NFRA due to completion of tenure or administrative exigencies.

[Ministry of Corporate Affairs O.M. No. G-12011/1/2025-Bgdt-MCA dated 18.06.2025.]

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

Recommendation (Serial No. 5)

National Financial Reporting Authority (NFRA)

The Committee also note that while NFRA has started audit quality inspections and participates in global surveys, the Ministry's response lacks specific details on the measurable outcomes or improvements in audit quality. There is a need for clearer evidence showing how NFRA's actions, including disciplinary orders, inspections, and revisions to auditing standards, have led to tangible improvements in audit practices. The Committee expect the Ministry to provide more insights on how the learnings from NFRA's orders are being incorporated and whether audit deficiencies have been reduced. The Committee recommend that the Ministry should encourage NFRA to expand its outreach initiatives and deepen collaboration with key stakeholders, including audit firms, industry bodies, and regulators, to further enhance the quality and transparency of audits, especially in high-risk sectors.

Reply of the Government

NFRA has been set up in 2018 as India's independent audit regulator. During this short period, considerable work has been done by NFRA towards achieving its mandate. NFRA is entrusted with oversight over the audit of Public Interest Entities (PIEs) as given under Rule 3 of NFRA Rules 2018. These PIEs comprise listed entities, unlisted entities over certain financial thresholds, insurance and banking companies etc., and number approximately 7000 companies.

Independent audit regulators, worldwide, strive to address commonly observed risks to audit quality. NFRA had also organised its work around the globally recognised risks to audit quality. Such risks are given and addressed in the professional standards.

The responsibilities regarding robustness of financial reporting including oversight over audit, are assigned in law to Management, Board of Directors (BoD), Audit Committees, with engagement and oversight of prudential and capital market regulators viz RBI, SEBI, IRDAI, and CAG, and independent audit regulator-NFRA.

Audit quality, therefore, is a shared responsibility. NFRA shares audit quality goals with RBI which is the sector regulator for PSBs, and SEBI, which oversees quality of financial reporting by Companies, prescribes requirements for audits and its oversight by Audit Committees. In respect of PSUs, CAG performs supplementary audit over and above the work done by the statutory auditor. For insurance companies, IRDAI oversees financial reporting and also specifies requirements for statutory audit. Oversight of audits performed by auditors of companies which are not PIEs is entrusted to the ICAI. NFRA engages with all its stakeholders regularly.

This shared goal of audit quality is reflected in the constitution of the Authority for its Standard Setting functions. The Authority comprises Part-time members from CAG, RBI, SEBI, MCA and two independent experts, apart from Chairperson and Full-time Members of NFRA, and three council members from ICAI. The Authority is responsible for making recommendations to the Central Government on accounting and auditing standards, which form the edifice of audit quality and overall financial reporting framework.

So far, 20 meetings of the Authority have been held and all the record notes are placed on NFRA website as a measure of transparency and accountability. A total of 47 amendments/changes to Ind AS (Indian Accounting Standards) have been recommended to MCA of which 44 have been notified. A set of 27 Accounting Standards for small and medium companies have been recommended which have been notified by MCA.

A set of 40 Standards on Auditing including Standards on Quality Management, have been received in the Ministry of Corporate Affairs from NFRA, which are under examination.

Over the past few years, NFRA has engaged with CAG, SEBI and RBI in various discussions on audit quality. Member, NFRA has presented learnings from NFRA orders to the Audit Board (Commercial) of the CAG. Interactions have been held with RBI and SEBI on aspects related to statutory audits and quality of audit.

Recognizing the critical role that audit committees play in ensuring audit quality, as provided under Companies Act 2013, NFRA has interacted with several independent directors and audit committee heads in interactions through the Chambers of Commerce (CII, Assocham). NFRA has also collaborated with Indian Institute of Corporate Affairs (IICA) and a 4-month course has been launched, which is currently underway for capacity building of independent directors and audit committee members.

NFRA has also started a series called 'Auditor-Audit Committee Interaction Series' on aspects of audit process as well as various audit areas, to be used by auditors and audit committee members. This series provides illustrative questions that the auditors may anticipate from audit committees as part of the oversight over the audit that is exercised by the audit committees and underscores the importance of robust two-way communication between them. So far four such documents have been published, and these have received very positive feedback. In this endeavor NFRA formed an advisory group comprising eminent independent directors to help review the content and provide insights based on their experience.

NFRA's orders have also provided learnings which have been disseminated by the profession, apart from NFRA itself organising various webinars. Significant areas of concern as emanating from various disciplinary proceedings conducted by NFRA, have also been incorporated by NFRA in its circulars and in the 'Auditor-Audit Committee Interaction Series' for education of the auditors and awareness of all stakeholders.

The inspection reports containing NFRA observations and audit firm responses are available on NFRA website. Deficiencies identified are leading firms to formalize and strengthen their quality control frameworks. These firms are, therefore, strengthening their governance mechanism and committing to quality, as a result of NFRA's inspections. The impact of the changes being brought about will be available for assessment after 5-7 inspection cycles.

[Ministry of Corporate Affairs O.M. No. G-12011/1/2025-Bgdt-MCA dated 18.06.2025.]

Recommendation (Serial No. 6)

Serious Fraud Investigation Office (SFIO)

The Committee note that the Serious Fraud Investigation Office (SFIO) plays a crucial role in investigating complex financial frauds. While SFIO has made significant progress, including filing 1,171 prosecution cases with 325 convictions, the high vacancy rate of 47% in its cadre remains a serious concern. Out of 238 sanctioned posts which includes 127 posts under deputation, only 134 posts have been filled so far, which could hinder SFIO's capacity to manage its increasing workload. The Committee also observe that the budget estimates of SFIO has been increased to Rs.50.69 crore in the financial year 2025-26 compared to Rs.43.01 crore in 2024-25 due to increase in staff strength and to meet infrastructure expenses etc. The Committee recommend that the Ministry should prioritize the filling of vacant posts within SFIO, particularly in the investigation and prosecution wings to improve the performance of SFIO and full utilization of earmarked funds. The Ministry may also create a permanent cadre to reduce dependency on deputationists.

Reply of the Government

SFIO has a sanctioned strength of 238 officers/staff out of which 137 posts are filled as on date. All out and consistent efforts are being made to fill all vacant posts by direct recruitment and also by deputation (including short term contract). During the period from 01.04.2024 to 15.06.2025, 63 vacant posts were filled by direct recruitment/deputation. However, 24 incumbents working (23 on repatriation from deputation and 1 SFIO cadre official by way of technical resignation) left SFIO during this period.

In the year 2025, advertisement was made to fill 51 posts by deputation in various cadre of SFIO. The last date for receipt of applications was 9th April, 2025. Personal talk for 49 posts has been conducted and the proposal for obtaining the approval of the competent authority is under process. The filling up the remaining 02 post is also under process.

[Ministry of Corporate Affairs O.M. No. G-12011/1/2025-Bgdt-MCA dated 18.06.2025.]

Recommendation (Serial No. 7)

Serious Fraud Investigation Office (SFIO)

The Committee note that while the Ministry highlights key areas in which frauds are being committed, it lacks clear follow-up actions; timelines; and monitoring mechanism. It does not address the need for stronger bank scrutiny; the closure of Ponzi schemes; or resolving digital lending loopholes, nor does it provide outcomes of disciplinary actions. Additionally, the response on penalties and convictions is vague, offering only basic figures without context or details on why higher court convictions were not upheld. The Committee should be apprised of complete details along with the status and effectiveness of legal actions. The Committee also feel that the Ministry should come out with a concrete plan to ensure effective enforcement and accountability. The Committee further urge that improved coordination, expedited trials, and enhanced case management, as well as exploring external expertise from Certified Fraud Examiners (CFEs) to fill specialized knowledge gap in SFIO in combating financial crimes.

Reply of the Government

a) The cases are referred by the MCA to SFIO for conducting the investigations into the affairs of the Company and the mandate of SFIO is to furnish the Investigation Report (IR), which includes the charges levied upon the respective persons/entities liable for the offences committed under various provisions of the Company Act, 2013 and other recommendations for referring IR to other LEA's for taking further necessary action under provisions of other allied Acts. After receiving prosecution sanction from the competent authority, the complaint against the earring individuals and entities are filed by SFIO before the Hon'ble Court for further proceedings. The whole procedure is monitored by the Competent Authority in adherence to the stipulated timelines.

b) The IR invariably carries the recommendations to refer the matter of irregularities in bank scrutiny, monitoring & finance disbursal processes, if any, observed

in the case assigned to SFIO, to the Reserve Bank of India for taking further necessary action.

c) In case of any findings revealed in any IR about the fictitious/paper entities, recommendations through IR are sent to the respective RD/ RoCs for striking off such entities.

d) It is stated that since formation of SFIO, 379 no. criminal complaints cases have resulted in conviction/compounding. As on date 734 numbers of prosecutions initiated under the Companies Act. 2013 are pending disposal in various courts throughout India.

e) The primary reasons behind pendency of Criminal Prosecutions which involve complex financial frauds are as under:-

- Large no. of accused persons.
- Large no. of prosecutions witnesses and voluminous documents.
- Multiple offences/charges under Companies Act and IPC in one complaint case to maintain sequence of courts.
- Number of bail applications, discharge applications/supply of documents etc., are contested.
- Common courts are trying the offences under Companies Act as well as those of SEBI, IBC, ROC, and Income-Tax etc.

f) To mitigate the constraints and for speeding up the disposal of the cases, following measures have been proposed to be initiated recently for better case management and effective co-ordination:

- Investigations report will focus on offences pertaining to commission of fraud under section 447 & 448 of the Companies Act, 2013 only, or punishable under section 447. Thus, prosecution will be focused.
- To refer the cases investigated by SFIO wherein offences of compoundable nature or attracting only penalty to ROC/RD for filing of cases/adjudication.

- Engagement of panel counsels for pursuing prosecutions in the competent courts.
- Recruitment of prosecutors for SFIO through UPSC.
- Engagement of CA firms having the knowledge and experience of forensic audit for analysis of Financial data
- Engagement of bankers as expert for analysis of banking Data/Information.
- Analysis of data/information using services of Computer Forensic & Data Mining Laboratory (CFDML).

[Ministry of Corporate Affairs O.M. No. G-12011/1/2025-Bgdt-MCA dated 18.06.2025.]

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

Recommendation (Serial No. 8)

Corporate Social Responsibility (CSR)

The Committee note the significant progress made under the Corporate Social Responsibility (CSR) framework, particularly with regard to the CSR expenditure by both public and private sector companies. However, the Committee is concerned about several gaps in the enforcement and monitoring of CSR compliance. The Ministry has provided basic data on CSR expenditure and notices issued for non-compliance, but there is a lack of detailed analysis on the effectiveness of CSR spending, the actual impact of the implemented projects; and the enforcement of penalties. Additionally, the unspent CSR funds and the effectiveness of the 'unspent CSR account' mechanism remain insufficiently transparent.

The Committee, therefore, recommend that the Ministry should establish a more comprehensive reporting and monitoring framework to ensure greater transparency in CSR spending, especially regarding unspent funds. This should include the regular publication of detailed reports on the impact and outcomes of CSR projects; a more robust system for monitoring ongoing projects, and timely enforcement of penalties for non-compliance. Furthermore, the Ministry should consider strengthening the role of the

Implementing Agencies and ensure better tracking of their performance to guarantee that CSR funds are being utilised effectively and for their intended purposes.

Reply of the Government

The legal framework for CSR has been provided under Section 135 of the Companies Act, 2013 ('Act'), Schedule VII of the Act and Companies (CSR Policy) Rules, 2014. Every company having net worth of Rs. 500 crore or more or turnover of Rs. 1000 crore or more or net profit of Rs. 5 crore or more during immediately preceding financial year shall ensure that it spends, in every financial year, at least 2% of the average net profits of the company made during the three immediately financial years, on Corporate Social Responsibility (CSR) activities, in areas or subjects specified in Schedule VII of the Companies Act, 2013 ('Act').

Under the Act, CSR is a Board driven process and the Board of the company is empowered to plan, decide, execute and monitor CSR activities based on the recommendations of its CSR Committee. The CSR framework is disclosure based and CSR mandated companies are required to file details of CSR activities annually in the MCA21 registry. The CSR mandated companies are required to provide additional information in their Profit & Loss Account regarding amount of expenditure incurred on CSR activities. Further, the Board of the company is also required to disclose the CSR Policy implemented by the company in its Board report. Thus, the framework such as mandatory disclosures, accountability of the CSR Committee and the Board, provisions for additional information in the accounts of the company etc. provide for reporting of CSR activities/ expenditure.

In addition, every eligible company has to constitute a CSR Committee comprising of three or more directors. The Committee shall formulate and recommend the CSR policy which indicates the activities to be undertaken by the company in areas or subjects specified in Schedule VII. The Board of the company has to satisfy itself that the funds so disbursed have been utilised for the purposes and in the manner as approved by it, and the Chief Financial Officer or the person responsible for financial management shall certify to the effect. The details of CSR activities, Impact Assessment etc. are required to

be reported by the companies in the 'Annual Report on CSR' including an annual action plan on CSR which is part of the Company's Board Report. The Board's Report including Annual Report on CSR is an important tool of communication by the Board of a company to its shareholders. Further, those companies who have their websites are required to make disclosures such as composition of CSR Committee, CSR Policy and CSR projects approved by Board on their website for public access and transparency.

The expenditure on CSR activities is also required to be audited by the statutory auditors of the company. Further, Ministry has notified the Companies (Auditor's Report) Order, 2020, ("CARO, 2020") applicable from FY 2021-22 which requires auditors to state details of any unspent CSR amount. Thus, the corporate governance framework along with the existing legal provisions such as accountability of the Board, CFO and CSR Committee, provisions for statutory audit of accounts of the company by Auditor etc. provide accurate monitoring framework to ensure greater transparency in utilization of CSR spending. Whenever violation of CSR provisions is reported, action against such non-compliant Companies is initiated as per provisions of the Act after due examination of records and following due process of law.

Through the Companies (Amendment) Acts, 2019 and 2020, certain amendments to Section 135 of the Act were made to provide for treatment of unspent CSR amount on the basis of nature of the project. In case of an ongoing project, the company is required to transfer the unspent amount to a special account of the company i.e 'Unspent CSR Account', within 30 days from the end of financial year and spend the same in pursuance of its CSR policy within the next three financial years from the date of such transfer. After lapse of three financial years, the amount remaining unspent, if any, is required to be transferred to any Fund mentioned in Schedule VII of the Act. In case of other than an ongoing project, the company is required to transfer the unspent CSR amount to any Fund mentioned in Schedule VII of the Act within a period of six months from the end of the financial year.

Rule 8 of the Companies (CSR Policy) Rules, 2014 contains provisions related to impact assessment of CSR projects that every company having average CSR obligation of 10 crore rupees or more in pursuance of sub-section (5) of section 135 of the Act, in

the three immediately preceding financial years, shall undertake impact assessment, through an independent agency, of their CSR projects having outlays of one crore rupees or more, and which have been completed not less than one year before undertaking the impact study.

There are also penalty provisions provided under the Act related to violation of CSR provisions for not spending the CSR amount as well as the non-compliance with the treatment of unspent CSR amount as follows:

Company	Twice the unspent amount required to be transferred to any fund included in schedule VII of the Act or Unspent CSR account, as the case may be or one crore rupees, whichever is less.
Every Officer in Default	1/10th of the unspent amount required to be transferred to any fund included in schedule VII of the Act or Unspent CSR account or two lakh rupees, whichever is less.

Thus, the cited framework of CSR provides accurate mechanism of reporting, monitoring, penalty for non-compliance and proper utilization of CSR funds.

[Ministry of Corporate Affairs O.M. No. G-12011/1/2025-Bgdt-MCA dated 18.06.2025.]

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

Recommendation (Serial No. 9)

Insolvency and Bankruptcy Code (IBC)

The Committee acknowledges the significant progress made by the Insolvency and Bankruptcy Code (IBC) in improving the resolution of distressed corporate assets in India. However, the Committee observe that persistent challenges, such as conflicts of interest; lack of transparency; and delays in the resolution process, continue to hinder the full effectiveness of the Code. Key concerns include the absence of a mechanism to ensure that resolution plans are submitted confidentially and fairly, as well as the lack of a robust framework for monitoring and addressing complaints against Resolution

Professionals (RPs). Additionally, the inconsistent interpretation of provisions and excessive delays in case resolution exacerbate inefficiencies.

To address these challenges, the Committee recommend that:-

(i) The Ministry to implement a direct submission system for resolution plans through a central online portal. This would ensure that sensitive information remains confidential, preventing any undue advantage for parties involved.

(ii) enhance the role of RPs by establishing rigorous certification standards, specialized training, and independent performance reviews. Complaints against RPs should be addressed promptly to ensure accountability.

(iii) implement a transparent system to track the time taken for case resolution, with a focus on monitoring instances where statutory timelines are violated. This could be done by providing a tabular format showing processing times, infringements, and delays to assist in better policy decision-making

(iv) review the structure of the Committee of Creditors (CoC) to ensure that operational creditors are adequately represented, as their interests are often overlooked.

The Committee believe that by addressing these challenges and implementing these recommendations, the IBC can be made more efficient, transparent, and effective in achieving its goals. This would streamline the resolution process; reduce conflicts of interest; and enhance the overall functioning of the insolvency framework which may ultimately boost confidence of investors and support the growth of India's economy.

Reply of the Government

Reply to Recommendation [Serial No. 9(i)]

Recently, the Regulator (IBBI) has, in collaboration with the Indian Banks' Association, launched the BAANKNET platform, providing a centralized listing and auction platform for sale of assets under liquidation. The Regulator is actively exploring direct submission system for resolution plans through this central online portal BAANKNET.

Reply to Recommendation [Serial No. 9(ii)]

Capacity Building of IPs: Skill upgradation of the professionals by IBBI is a continuous process. The IBBI, actively engages with IPs through diverse formats such as advocacy programmes, workshops, webinars, and specialized 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 IPAs to offer similar educational opportunities. Through Indian and international experts, Train-the-Trainers programme, aimed at expanding the pool of knowledgeable professionals within the insolvency ecosystem, are being organised regularly. In FY 2024-25, the IBBI conducted 22 Workshops, 3 Webinars, 2 roundtables, 1 Insolvency Professionals' Conclave and 1 train-the-trainers program for capacity building of IPs.

IBBI and IPAs, independently as well 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.

Oversight of IPs: IBBI has established a comprehensive regulatory framework, including a detailed Code of Conduct, to govern the behaviour and practices of insolvency professionals. The key regulations framed for this oversight mechanism are outlined below:

- (a) IBBI (Insolvency Professionals) Regulations, 2016
- (b) IBBI (Grievance and Complaint Handling Procedure) Regulations, 2017
- (c) IBBI (Inspection and Investigation) Regulations, 2017

Inspection and Monitoring: The IBBI has set up a system for receiving, processing, and investigating the complaints received against IPs. The IBBI also conducts inspections

of IPs to ensure adherence to regulations, which aids in identifying any lapses or issues in their conduct during the insolvency process.

IBBI received a total of 8670 complaints and grievances in 1590 assignments against the conduct of 935 IPs. Out of these, 8431 (97.25%) complaints and grievances have been dealt with as on 31st March, 2025.

Disciplinary Committees: As prescribed under Section 220 of the Code, the IBBI has the authority to set up disciplinary committees to consider the report of investigating authority formed to investigate into the complaints against IPs. The disciplinary committee assesses the allegations and if an IP is found to have contravened the provisions of the Code or Regulations made thereunder, it can impose penalties, which may include suspension or cancellation of the IP's registration, along with other disciplinary actions. The disciplinary committee operates as a quasi-judicial body, following a due process to uphold natural justice principles. The orders of the disciplinary committee can be challenged before the higher judicial forums.

With regards to the disciplinary action as on 31st March 2025, the Board has issued 159 advisories and 303 show cause notices. Out the 303 show cause notice issued, 275 SCNs have been disposed of by the board as on 31st March 2025, resulting in imposition of penalties in 158 cases, as follows:

- Cancellation of registration of IPs -13
- Suspension of registration of IPs -97
- Monetary penalties - 48

Role of Insolvency Professional Agencies (IPAs): Under the Code, an IPA plays the role of frontline regulator and are responsible for registering and regulating the conduct of their members (IPs), ensuring they adhere to the ethical and professional standards set by the IBBI.

Reply to Recommendation [Serial No. 9(iii)]

An integrated technology platform under the IBC is being set up. It will provide for an integrated case management system for processes under the IBC, automated processes to file applications with the AA, delivery of notices, enable interaction of IPs with stakeholders, storage of records of the CD, and incentivize effective participation of stakeholders. The Integrated Technology Platform would lead to better transparency, minimization of delays, effective decision making and better oversight of the processes by the authorities.

Reply to Recommendation [Serial No. 9(iv)]

Presently, operational creditors (OCs) are not barred from participating in meetings of the CoC. The resolution professional is required to give notice of each meeting of the CoC to OCs or their representatives if the amount of their aggregate dues is not less than 10% of the debt. Further, OCs have voting rights in the CoC when there are no financial creditors (FCs) of the CD or when the FCs are related parties.

[Ministry of Corporate Affairs O.M. No. G-12011/1/2025-Bgdt-MCA dated 18.06.2025.]

Recommendation (Serial No. 10)

Environmental, Social, and Governance (ESG) Regulations

The Committee acknowledge India's significant strides in promoting Environmental, Social, and Governance (ESG) practices through frameworks such as the Business Responsibility and Sustainability Reporting (BRSR) and the National Guidelines on Responsible Business Conduct (NGRBCs). These frameworks represent a major leap in fostering a responsible and sustainable business environment in the country. However, despite these advancements, there are several challenges remain that hinder the full effectiveness of India's ESG framework. These include the persistent risk of greenwashing, inconsistent implementation across sectors, and the difficulties faced by small businesses in adopting ESG practices.

To address these challenges and enhance the impact of India's ESG regulations, the Committee recommend the following multi-pronged approach:-

(i) First, to strengthen monitoring and enforcement, the Committee proposes the creation of a dedicated ESG oversight body within Ministry of Corporate Affairs. This body would be responsible for monitoring ESG disclosures, ensuring compliance with reporting standards, and introducing penalties for greenwashing.

(ii) Further, the Committee strongly believe that integrating ESG principle with corporate governance is crucial. They recommend amending the Companies Act, 2013, to include ESG objectives as part of their fiduciary duties of Directors. This would make it mandatory for boards to oversee the integration of ESG considerations into their business strategies.

(iii) Independent ESG committees, similar to audit committees, should be established within boards to ensure that ESG strategies are effectively implemented and monitored.

(v) The Ministry may dedicate a chapter for ESG in their Annual Report, which is currently missing, from the next year i.e., 2025-26 onwards.

Reply of the Government

In their action taken reply, the Ministry has submitted as follows:-

S.No.	Recommendation of the Committee	Reply of the Ministry
(i)	First, to strengthen monitoring and enforcement, the Committee proposes the creation of a dedicated ESG oversight body within Ministry of Corporate Affairs. This body would be responsible for monitoring ESG disclosures, ensuring compliance with	Environmental, Social and Governance (ESG) while may not find a direct mention in the Companies Act, 2013, but its essence is embedded in it, aligning corporate conduct with sustainability and ethical standards. The key aspects of the Act that promote ESG principles are categorized under Environmental, Social and Governance and are as follows-

	reporting standards, and introducing penalties for greenwashing.	ENVIRONMENTAL: 1. Energy Conservation Section 134(3)(m) requires that companies include details on energy conservation measures undertaken by the board in their annual reports, encouraging sustainable energy practices. Inclusion of ESG principles in the Companies Act, 2013, underscores India's commitment to sustainable corporate governance, balancing economic success with social and environmental. SOCIAL: 2. Appointment of Women Director: In accordance with the second proviso to Section 149(1) and Rule 3 of the Companies (Appointment and Qualification of Directors) Rules, 2014, certain class of companies are required to appoint Woman Director under the Companies Act, 2013. 3. POSH Act: Vide notification dated 30th May, 2025, disclosure on POSH Act has also been inserted to be disclosed in e-form AOC-1 which has been prescribed under Companies (Accounts) Rules, 2014. 4. Disclosure on Maternity Benefit: Further, a statement by the Company with respect to the compliance of the provisions relating to the Maternity Act, 1961 has also been inserted to be disclosed in e-form AOC-1.
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		GOVERNANCE: 5. Duties of Directors Section 166(2) emphasizes the director's role in promoting the company's goals while considering the interests of shareholders, employees, the community, and the environment. Directors are required to act in good faith to safeguard environmental interests, adding an explicit environmental duty to their responsibilities. 6. Transparency and Disclosure The Act mandates that companies disclose their CSR initiatives, governance structure, and financial performance comprehensively in annual reports, fostering transparency and accountability. 7. Corporate Social Responsibility (CSR) Section 135 of the Companies Act mandates that companies meeting specific financial thresholds contribute to CSR activities. A company is required to spend at least 2% of its average net profits on CSR activities if it: • Has a net worth of INR 500 crore or more, or • Generates a turnover of INR 1000 crore or more, or • Has a net profit of INR 5 crore or more. CSR activities are specified under Schedule VII, which includes areas like poverty alleviation,
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		education, gender equality, and environmental sustainability. Thus, as far as creating a separate dedicated ESG body within the Ministry is concerned, it is submitted that the above mentioned disclosures are already part of the financial statements and the Board of the respective companies are responsible for compliance of the aforementioned disclosures required under the Act and rules made thereunder. A separate monitoring mechanism would not be in consonance with the principles of the regulatory regime i.e. Ease of Doing Business coupled with suitable enforcement action in cases of violation.
(ii)	Further, the Committee strongly believe that integrating ESG principle with corporate governance is crucial. They recommend amending the Companies Act, 2013, to include ESG objectives as part of their fiduciary duties of Directors. This would make it mandatory for boards to oversee the integration of ESG considerations into their business strategies.	As explained above, the disclosures are part of Board Report which is Annexure to AOC-1/ AOC-4. Any violations regarding it comes under Section 134(8). Thus it is well seen that except the mention of ESG in the Act, its objectives are directly/ indirectly incorporated under the Act or the rules made thereunder. Further, penal provisions for non-Appointment of Women Directors (Section 172 of the Act), Non-compliance of Board and Director's Duties [Section 134(8) & 166(7) of the Act respectively], CSR provisions [Section 135(7) of the Act] and non-compliance in preparation of financial statements without requisite disclosures [Section 129(7) of the Act] have been provided under the Act. Thus, the

		Companies Act provides adequate monitoring mechanism to oversee its compliances.
(iii)	Independent ESG committees, similar to audit committees, should be established within boards to ensure that ESG strategies are effectively implemented and monitored.	As far as creating a separate independent ESG committee is concerned, it is submitted that the relevant disclosures mentioned hereinabove required under the Companies Act, are already part of the financial statements/ disclosures and the Board of the respective companies are responsible for compliance of the aforementioned disclosures. In case of any non-compliance, the penalty provisions have also been provided under the Act as mentioned in point 10 (ii) above.
(iv)	The Ministry may dedicate a chapter for ESG in their Annual Report, which is currently missing, from the next year, i.e., 2025-26 onwards.	Recommendations of the Committee have been noted for further examination and action in consultation with all other stakeholders.

[Ministry of Corporate Affairs O.M. No. G-12011/1/2025-Bgdt-MCA dated 18.06.2025.]

(For Comments of the Committee, please refer Para No. 15 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

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(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 TENTH REPORT OF THE STANDING COMMITTEE ON FINANCE (EIGHTEENTH LOK SABHA) ON DEMANDS FOR GRANTS (2025-26) OF THE MINISTRY OF CORPORATE AFFAIRS.

		Total	% of total
(i)	Total number of Recommendations	10	
(ii)	Observations/Recommendations which have been accepted by the Government (vide Recommendation Nos. 1, 2, 3, 4, 5, 6, 7, 8, 9 and 10)	10	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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