

31

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

EIGHTEENTH LOK SABHA

MINISTRY OF CORPORATE AFFAIRS

**DEMANDS FOR GRANTS
2026-27**

THIRTY- FIRST REPORT



**LOK SABHA SECRETARIAT
NEW DELHI**

March, 2026/ Phalguna, 1947 (Saka)

THIRTY- FIRST REPORT

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

(EIGHTEENTH LOK SABHA)

MINISTRY OF CORPORATE AFFAIRS

**DEMANDS FOR GRANTS
(2026-27)**

Presented to Lok Sabha on 12 March, 2026

Laid in Rajya Sabha on 12 March, 2026



**LOK SABHA SECRETARIAT
NEW DELHI**

March, 2026/ Phalguna, 1947 (Saka)

CONTENT		
REPORT		
Composition of the Committee		iv
Introduction		v
PART-I NARRATION ANALYSIS		
		Page No.
Chapter - I	INTRODUCTORY	1
Chapter - II	ANALYSIS OF DEMANDS FOR GRANTS (2026-27) OF THE MINISTRY OF CORPORATE AFFAIRS	4
Chapter - III	ANALYSIS OF PAST PERFORMANCE OF THE MINISTRY	7
Chapter - IV	ISSUES RELATED TO MINISTRY OF CORPORATE AFFAIRS	
	A. Prime Minister's Internship Scheme (PMIS)	15
	B. Insolvency and Bankruptcy Code (IBC)	29
	C. National Company Law Tribunal (NCLT) and National Company Law Appellate Tribunal (NCLAT)	47
	D. National Financial Reporting Authority (NFRA)	55
	E. Competition Commission of India	63
	F. Registrar of Companies	73
	G. Serious Fraud Investigation Office (SFIO)	79
PART-II		
	OBSERVATIONS/RECOMMENDATIONS OF THE COMMITTEE	84
APPENDICES		
Appendix – I	Minutes of the Sitting of the Committee held on 18.02.2026	98
Appendix – II	Minutes of the Sitting of the Committee held on 11.03.2026	102

COMPOSITION OF STANDING COMMITTEE ON FINANCE (2025-26)

Shri Bhartruhari Mahtab - Chairperson

MEMBERS

LOK SABHA

2. Shri Arun Bharti
3. Shri P. P. Chaudhary
4. Shri Rajesh Naranbhai Chudasama
5. Shri Lavu Sri Krishna Devarayalu
6. Shri Gaurav Gogoi
7. Shri K. Gopinath
8. Shri Suresh Kumar Kashyap
9. Shri Kishori Lal
10. Shri Harendra Singh Malik
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 Narain Dass Gupta
24. Shri Praful Patel
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. | Smt. Bharti Sanjeev Tuteja | Director |
| 3. | Shri Kuldeep Singh Rana | Deputy Secretary |
| 4. | Ms. Abhiruchi Srivastava | Committee Officer |

INTRODUCTION

I, the Chairperson, of the Standing Committee on Finance, having been authorised by the Committee, present this Thirty-First Report (Eighteenth Lok Sabha) on 'Demands for Grants (2026-27)' of the Ministry of Corporate Affairs.

2. The Demands for Grants (2026-27) of the Ministry of Corporate Affairs have been examined by the Committee under Rule Section 331E(1)(a) of the Rules of Procedure and Conduct of Business in Lok Sabha.

3. The Committee took oral evidence of the representatives of the Ministry of Corporate Affairs on 18 February, 2026. The Committee wish to express their thanks to the representatives of the Ministry of Corporate Affairs for appearing before the Committee and furnishing the material and information which the Committee desired in connection with the examination of the Demands for Grants (2026-27).

4. The Committee considered and adopted this Report at their Sitting held on 11 March, 2026.

5. For facility of reference, the Observations / Recommendations of the Committee have been printed in bold at the end 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;
11 March, 2026
20 Phalguna, 1947 (Saka)

Bhartruhari Mahtab
Chairperson,
Standing Committee on Finance

PART-I
NARRATION ANALYSIS
CHAPTER – I
INTRODUCTORY

1.1 The mandate of the Ministry of Corporate Affairs (MCA) is to provide regulatory and administrative framework for world class governance of corporates through the administration of the:

- a. Companies Act, 2013,
- b. Insolvency and Bankruptcy Code, 2016,
- c. Competition Act, 2002 and certain other allied statutes.

1.2. The MCA is implementing the above Laws and Statutes through its attached and subordinate offices/ autonomous organisations including Quasi-Judicial Bodies across the country.

- i. These include the offices of RDs, ROCs and OLs, as mentioned below:-

	No. of Offices till 22.10.25	As on date after being notified on 23.10.2025
Regional Directors	7	10
Registrar of Companies (ROCs), nine offices of fourteen offices of	15	21
Registrar of Companies- cum- Official Liquidators (ROC-cum-OLs),	9	9
Central Facilities (Headed by RoC)	4	4
Official Liquidators(OLs)	14	14

- ii. Five statutory bodies viz.
 - a. Serious Fraud Investigation Office (SFIO)
 - b. Competition Commission of India (CCI)
 - c. Insolvency and Bankruptcy Board of India (IBBI)

- d. National Financial Reporting Authority (NFRA)
- e. Investor Education & Protection Fund (IEPF) Authority
- iii. Two Quasi-Judicial Bodies viz.
 - a. National Company Law Tribunal (NCLT)
 - b. National Company Law Appellate Tribunal (NCLAT)
- iv. One Autonomous Body viz. Indian Institute of Corporate Affairs (IICA) and
- v. Two Central Sector Schemes viz.,
 - a. Corporate Data Management (CDM).
 - b. PM Internship Scheme (PMIS).

1.3 The main responsibilities of the Ministry are as follows:

- (i) Administration of the provisions of the Companies Act, 2013, and also pending/ ongoing matters as regards the Companies Act, 1956.
- (ii) Formulation of Rules and Regulations under various statutes administered by the Ministry.
- (iii) Convergence of Indian Accounting Standards with International Financial Reporting Standards (IFRS).
- (iv) Implementation of Competition Act through the Competition Commission of India (CCI). v.
- (v) Implementation of Insolvency and Bankruptcy Code, 2016.
- (vi) Implementation of e-Governance in MCA.
- (vii) Conducting Investor Education and Awareness Programmes.
- (viii) Investigation of serious frauds through the Serious Fraud Investigation Office (SFIO).
- (ix) Management of the cadre of the Indian Corporate Law Service (ICLS).
- (x) Providing administrative guidance to Statutory Bodies, Quasi-Judicial Bodies, Autonomous Bodies, Subordinates Offices, and Attached Offices, namely, IICA, SFIO, CCI, NFRA, IEPFA, NCLT, NCLAT, IBBI, and ICLS Academy.
- (xi) Administration of The Chartered Accountants Act, 1949, The Cost Accountant Act, 1959, The Company Secretaries Act, 1980 for proper and orderly growth of the professions concerned.

- (xii) Collecting financial and corporate data from all registered companies with the MCA electronically through the MCA21 system.
- (xiii) Implementation of the Prime Minister Internship Scheme.

CHAPTER – II
ANALYSIS OF DEMANDS FOR GRANTS (2025-26) OF THE MINISTRY OF
CORPORATE AFFAIRS

2.1 The Demands for Grants of the Ministry of Corporate Affairs (Demand No. 17) was laid in the Lok Sabha on 9th February, 2026. The provisions made in the Revenue and the Capital Heads of the demand are as under:

(In Rs. Crore)

	Revenue	Capital	Total
Charged	-	-	-
Voted	5506.24	55.62	5561.86

2.2 The Budget Estimates for 2026-27 vis-à-vis the Budget Estimates and Revised Estimates of 2025-26 and Budget Estimates, Revised Estimates and actual expenditure during 2024-25.

(₹ in crore)

Year	Budget Estimates			Revised Estimates*			Actual Expenditure up to 09.02.2026		
	Capital	Revenue	Total	Capital	Revenue	Total	Capital	Revenue	Total
2024-25	55.10	2612.00	2667.10	55.10	1023.30	1078.40	41.91	638.01	679.92
2025-26	116.33	11444.86	11561.19	86.37	1290.87	1377.24	8.16	697.17	705.33
2026-27	55.62	5506.24	5561.86	-	-	-	-	-	-

2.3 The details of funds demanded by the Ministry of Corporate Affairs vis-à-vis the funds allocated by the Ministry of Finance, as furnished by the Ministry, are given below:

(₹ in Cr.)

Sl. No.	Name of the Scheme	BE (2026-27) proposed by MCA	BE (2026-27) sanctioned by MoF
1	Total	7418.13	5561.86
2	Establishment	2298.17	761.9
3	PMIS	4788.45	4788.45
4	CDM	11.51	11.51
5	Scheme Total	4799.96	4799.96
6	IEP Fund	50	1000

The allocation of Rs. 1000 Cr. in the BE for IEP Fund has been made at a later stage.

The major deductions in allocation of BE 2026-27 have occurred due to the steep increase in demand in the following Two Object Heads, in which the allocation has been made on the basis of the BE and Expenditure in the previous years:-

Figures in Crore Rs.

S. No.	Object Head	Actual 2024-2025	B.E. 2025-2026	Actual upto 30-09-2025	Proposed R.E. 2025-2026	Proposed B.E. 2026-2027
1	28-PROFESSIONAL SERVICES	48.73	70.68	20.51	148.2	289.12
2	72-BUILDINGS AND STRUCTURES	8.56	22	0	28	1220

Remarks:-

1. **PROFESSIONAL SERVICES:** The major increase in demand is to meet the pending/ accumulated liability in respect of MCA-21 Scheme where the payments were withheld because the vendor was lagging behind in achievement of the milestones and the payment has now become due as per the contractual obligations and the output delivered by the Vendor.
2. **BUILDINGS AND STRUCTURES:** Additional Rs. 1200 Cr were requested for acquisition of MTNL Building at Chanakyapuri and acquisition of space for housing of NCLT, Delhi. This proposal has been not fructified so far.

2.4 On being asked about the reasons for hike/reduction in BE (2026-27) of the Ministry as compared to last financial year the Ministry furnished the following:

The Budget Estimate (BE) for 2026–27 has been reduced by Rs. 5,999.33 crore, which represents a 22.79% decrease compared to BE 2025–26. This reduction is primarily due to a significant cut in the allocation for the PMIS scheme. The provision for PMIS has been reduced from Rs. 10,831.07 crore in BE 2025–26 to Rs. 4,788.45 crore in BE 2026–27, reflecting a decrease of Rs. 6,042.62 crore, or 55.79% compared to the previous year.

2.5 Impact due to lesser allocation and proposed plan of action to meet the shortfall:-

The Ministry of Corporate Affairs projected a total demand of ₹7,148.18 crore for FY 2026–27. Against this, the Ministry of Finance has allocated ₹6,561.86 crore, resulting in an overall shortfall of ₹ 586.32 crore.

Out of the projected demand, an amount of ₹4,788.45 crore was sought for the PMIS Scheme, which has been fully allocated by the Ministry of Finance. Accordingly, there is no impact on the implementation of the PMIS Scheme.

The shortfall pertains to other components of the Ministry's budget. The Ministry proposes to meet the shortfall through internal reprioritisation of expenditure, rationalisation of non-essential activities, and efficient utilisation of available resources, while ensuring that core statutory functions and priority programmes remain unaffected.

CHAPTER – III

ANALYSIS OF PAST PERFORMANCE OF THE MINISTRY

3.1 A brief summary of Demands for Grants allocation and utilization figures for the last 3 years (including funds surrendered):-

Table - I

Year	Section of Budget	2022-23	2023-24	2024-25
Budget Estimate	Capital	40.5	42	55.1
	Revenue	692.52	714.19	2612
	Total	733.02	756.19	2667.1
Revised Estimate	Capital	35.5	42	55.1
	Revenue	594.86	575.43	1023.3
	Total	630.36	617.43	1078.4
Actual Expenditure	Capital	5.6	37.73	41.91
	Revenue	563.09	553.06	638.01
	Total	568.69	590.79	679.92
Surrender	Capital	34.86	4.27	13.19
	Revenue	126.61	161.08	1970.1
	Total	161.47	165.35	1983.3

Table - II

Year	2022-23	2023-24	2024-25
Budget Estimate	733.02	756.19	2667.1
Revised Estimate	630.36	617.43	1078.4
Actual Expenditure	568.69	590.79	679.92
Surrender	161.47	165.35	1983.3
Expenditure %age vis-à-vis BE	77.58%	78.13%	25.49%
% age expenditure vis-à-vis RE	90.22%	95.69%	63.05%

- a) **2022-23:** Total B.E. for the MCA is Rs. 733.02 crore which has been reduced to Rs. 630.36 crore at R.E. stage. The actual expenditure was Rs. 568.69 crore (i.e. 90.21% of the R.E.). The amount surrendered was Rs. 161.4746 crore.
- b) **2023-24:** Total B.E. for the MCA is Rs. 756.19 crore which has been reduced to Rs.617.43 crore at R.E. stage. The actual expenditure was Rs. 590.79 crore (i.e. 95.68% of R.E.). The amount surrendered was Rs. 165.35 crore.
- c) **2024-25:** Total B.E. for the MCA is Rs. 2667.06 crore which has been reduced to Rs.1078.43 crore at R.E. stage. The actual expenditure was Rs. 679.92 crore (i.e. 63.04% of R.E.). The amount surrendered was Rs. 1983 .3 crore.

(Brief Summary page 4)

3.2 B.E., R.E. and actual expenditure during 2025-26 and B.E. 2026-27 are given below:

(₹ in crore)

Year	Budget Estimates			Revised Estimates*			Actual Expenditure up to 09.02.2026		
	Capital	Revenue	Total	Capital	Revenue	Total	Capital	Revenue	Total
2025-26	116.33	11444.86	11561.19	86.37	1290.87	1377.24	8.16	697.17	705.33
2026-27	55.62	5506.24	5561.86	-	-	-	-	-	-

- a) **2025-26:** Total B.E. for the MCA is Rs. 11561.19 Crore which has been reduced to Rs. 1377.24 Cr. at R.E. stage and the expenditure as on 09.02.2025 is Rs. 705.33 Crore.
- b) **2026-27:** For the FY 2026-27, BE of Rs. 5561.86 crore has been allocated.

(Brief Summary page 4)

3.3. Elaborating upon the reasons for downward revision of the budgeted expenditure in respect of the MCA, the Ministry stated as under:-

YEAR	BE (₹in crore)	RE (₹in crore)	Actuals (₹in crore)	Remarks/reasons
2021-22	712.13	659.75	628.97	In the FY 2021-22, due to COVID-19 Pandemic, the Ministry of Finance had restricted the expenditure ceiling of the Ministry to 20 percent of the total BE

				2021-22 (₹ 712.13 crore) for 2nd quarter of the FY 2021-22 therefore less expenditure was incurred in second half of the financial year. Besides above, the allocation of this Ministry was reduced as the expenditure was less due to ground effects of COVID.
2022-23	733.02	630.36	568.69	The budget allocated for disbursement of funds to CPWD for payment towards construction of Corporate Bhawan, Kolkata was not utilized by CPWD owing to legal dispute with its Contractor. Hence, due to legal implications of dispute of CPWD with Contractor, the funds in this FY were not utilized to the extent of allocation.
2023-24	756.19	617.43	590.79	Due to non-fulfilment of contractual obligations by Service Provider for MCA21 Operation, around ₹ 47 Crore could not be spent under Revenue Head in FY 2023-24. Further savings was also due to non-holding of CSR Awards and postponement of funds utilization on Research Activities to next FY. Further due to non-filling of intended posts in the attached offices of the Ministry the savings were reported. Besides the above due to late submissions of bills by Vendors, the funds were not incurred in various field offices of RoCs and OLs, hence there were some savings. Further some savings are due to non-submission of anticipated bills by Vendors in fag end of the FY, which leads to Savings in Secretariat and other Organizations. In view of above circumstances the intended utilization of funds could not materialise.
2024-25	2667.06	1078.43	517.53 (as on 03.02.2025)	In BE 2024-25 the allocation for PM Internship scheme was Rs 2000 Cr. This allocation was made in the Budget. Later on the Expenditure Finance Committee examined the proposal and it approved an amount of ₹ 840 Crore to be spend over a period of 12 months from the date of beginning of the

				<p>scheme on the pilot project aimed to onboard 1.25 Lakh interns.</p> <p>Since, the Scheme was to be launched in the month of December, the amount was reduced to ₹ 380 Cr at Revised Estimate (RE) stage. This reduction of ₹ 1620 Cr. in this scheme is the major reason for downward revision.</p> <p>The ₹ 840 Crores approved by the EFC includes one time payment of ₹ 6,000/- and 12 months assistance of ₹ 4,500/- PM to 1.25 Lakh Interns. The interns started joining from December, 2024. Till date ₹ 48 Crore has been booked (₹ 12 Crore actually spent) by the Ministry of Corporate Affairs, which includes expenses on one-time payment of ₹ 6,000/- and monthly payment for 2 months as also creating the system for implementation of the Scheme. As the number of interns who have joined in December and January is about 8,000, therefore there is a gap in the budgeted expenditure and actual expenditure.</p>
2025-26	11561.19	1137.24	705.33	<p>Total BE for the Ministry is Rs. 11561.19 Crore which has been reduced to Rs. 8919.43 crore at R.E. stage and the expenditure as on 23.02.2026 is Rs. 745.33 Crore as on 23.02.2026. The amount of Rs. 7542.19 Crore is not available for expenditure at RE Stage as it has been transferred to Investor Education and Protection Fund. Thus available budget at RE stage is Rs. 1377.24 Crore only for expenditure. The Budget Estimate of Rs. 10831.07 crore was allocated to the Prime Minister Internship Scheme. However, the main scheme has not commenced, and Pilot Project has been continued. Revised Estimate was arrived at Rs. 526 crores considering anticipated expenditure and provisions for the Pilot Project extension. Hence, the funds in this FY are not utilized to the extent of allocation.</p>

3.4 On being asked regarding the quarter-wise allocation under the Quarterly Expenditure Plan (QEP), actual expenditure incurred and actuals as a percentage of

QEP during the last five years (including 2025-26), the Ministry in its written reply stated as under:

FY	Quarters	Q1	Q2	Q3	Q4
2021-22	Total as per Monthly Expenditure Plan	182	178	176	176.13
	AE	124.92	186.63	126.52	190.30
	% W.R.T BE	17.54%	26.21%	17.77%	26.72%
	%W.R.T RE	18.93%	28.29%	19.18%	28.84%
2022-23	Total as per Monthly Expenditure Plan	184	181.13	179.2	188.69
	AE	124.37	131.42	126.89	185.94
	% W.R.T BE	16.97%	17.93%	17.31%	25.37%
	%W.R.T RE	19.73%	20.85%	20.13%	29.50%
2023-24	Total as per Monthly Expenditure Plan	190.95	183.6	193	188.64
	AE	127.54	148.84	129.88	184.53
	% W.R.T BE	16.87%	19.68%	17.18%	24.40%
	%W.R.T RE	20.66%	24.11%	21.04%	29.89%
2024-25	Total as per Monthly Expenditure Plan	170	162	168.57	166.5
	AE	147.49	153.83	138.14	240.45
	% W.R.T BE	5.53%	5.77%	5.18%	9.02%
	%W.R.T RE	13.68%	14.27%	12.81%	22.30%
2025-26	Total as per Monthly Expenditure Plan	2946.36	2807.71	2931.58	2900.53
	AE	142.10	213.38	202.57	98.46
	% W.R.T BE	1.23%	1.85%	1.75%	0.85%
	%W.R.T RE	10.32%	15.49%	14.71%	7.15%

3.5 Reasons for deviation in quarterly spending during these financial years are provided along with the steps taken to avoid March Rush.

The deviation in quarterly spending, wherever observed during the financial years, was primarily on account of procedural timelines, receipt of complete proposals from implementing agencies, and the time taken in obtaining requisite administrative and financial approvals.

To address this and to avoid bunching of expenditure in the last quarter, particularly in March, regular meetings of senior officers were conducted to closely monitor the pace of expenditure. These meetings focused on expediting approvals, resolving procedural bottlenecks, and ensuring timely release of funds. Continuous review and monitoring helped in streamlining the approval process and minimizing delays, thereby preventing undue rush of expenditure at the end of the financial year. ensuring timely release of funds. Continuous review and monitoring helped in streamlining the approval process and minimizing delays, thereby preventing undue rush of expenditure at the end of the financial year.

3.6 About funds surrendered due to lack of utilization and the reasons for surrender during the last five years, the Ministry in its written reply submitted as under:

Table

Year	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
Budget Estimate	727.62	712.13	733.02	756.19	2667.1	11561.19
Revised Estimate	680.0	659.75	630.36	617.43	1078.4	1377.24
Actual Expenditure	651.83	628.97	568.69	590.79	679.92	705.33
Surrender	74.59	81.29	161.47	165.35	1983.3	10755.86

Reasons for Surrender:- The major reasons for surrender have been as follows:-

- i. Delay in getting necessary approvals/ clearances under the GFRs etc.
- ii. Delay in submission of bills by the vendors
- iii. Non-delivery of the milestones by the Service Provider especially in case of the MCA-21 project
- iv. The PMIS surrender has been primarily on account of lesser number of interns joining
- v. The impact of Covid-19 continued upto March 2023 and the activities undertaken during that period had to be restricted.

3.7 On the question whether any reappropriations were done during the last five years, the Ministry responded as under:

The reappropriations were done due to changing priorities, revised estimates and additional requirements by the programme divisions.

S. No	FY	Instances of fund re-appropriation during the last five years
1.	2021-22	15
2.	2022-23	9
3.	2023-24	16
4.	2024-25	29
5.	2025-26	21

3.8 Regarding the details of the Supplementary Demands made by the Ministry for the year 2025–26, both consolidated and head-wise, along with the reasons for the requirement of supplementary funds, the Ministry stated as follows:

Details of Supplementary grants for FY 2025-26

Rs. in Cr.

S. No.	Heads	Funds Demanded	
		First Batch of Supplementary	Second & Final Batch of Supplementary
1.	Inter Account Transfer	25	7542.19
2.	Other Revenue Expenditure	25	6
3.	Deduct Recovery	-25	-6
	Total	25	7548.19

(ii) The reasons for requirement of supplementary funds was due to:

The requirement of funds by IEPFA for meeting the urgent requirement of dividend disbursement. The funds in the Object Head- Inter Account Transfer (3451.00.797.01.00.63) is Rs 7542.19 Cr in RE 2025-26 in respect of an audit para related to short transfer of funds to IEPFA.

3.9 On being asked regarding the measurable outcomes that have been achieved from the allocated funds, the Ministry stated that no any key programme has suffered due to shortage or late release of funds.

3.10 On the question of whether any CAG audit observations relate to under-utilization or shortage of funds, the Ministry stated as under:

The following 3 observations related to the under-utilisation of funds are there:

S. No.	Year	Report Number	Para Number	Subject	Status
1	2021	7 of 2021	3.3	Unnecessary Supplementary provisions	Final ATN has been submitted to the Monitoring Cell, Department of Expenditure, and Ministry of Finance for onward transmission to PAC Branch, Lok Sabha Secretariat.
2	2025	16 of 2025	4.2.2.2	Significant Savings at Segment level	Final ATN has been submitted to the Monitoring Cell, Department of Expenditure, and Ministry of Finance for onward transmission to PAC Branch, Lok Sabha Secretariat.
3	2025	4 of 2025	4.2.2.2	Significant savings at Segment level	The ATN has been uploaded on APMS portal

CHAPTER – IV

ISSUES RELATED TO MINISTRY OF CORPORATE AFFAIRS

4. A. Prime Minister Internship Scheme (PMIS)

4.1 The Prime Minister's Internship Scheme (PMIS) announced in the Budget 2024-25, aims to provide internship opportunities to one crore youth in top 500 companies in five years. As an initiation to this Scheme, Ministry of Corporate Affairs launched a Pilot Project of the Scheme on 3rd October, 2024, targeted at providing 1.25 lakh internship opportunities to the youth in the Financial Year 2024-25.

The rationale of this scheme is to provide an opportunity for the youth to get training and gain experience and skills within the real-life environment of various businesses or organizations. PMIS is clearly positioned as an industry-lead transition-to-employment intervention aimed at bridging the gap between formal education and employability. The companies are provided flexibility under the scheme to structure internships in line with their sectoral requirements, work processes, and role-specific needs. The PMIS is designed to complement and strengthen existing skilling and training initiatives, without substituting them.

Further, PMIS adopts an operational convergence approach with other schemes such as NATS or NAPS to avoid functional overlap and enhances fiscal efficiency within the broader skilling and employment ecosystem.

4.2 Eligibility Criteria for Candidates

The eligibility criteria as per the Guidelines of the Pilot Project are as follows:

- Youth aged between 21 and 24 (as on the last date of submission of application), belonging to Indian nationality, who are not employed full-time and not engaged in full-time education. Candidates enrolled in online/ distance learning programmes are eligible to apply.
- Educational Qualifications: Candidates who have passed High School, Higher Secondary School, possess a certificate from an ITI, hold a diploma from a

Polytechnic Institute, or are graduates with degrees such as BA, B.Sc, B.Com, BCA, BBA, B.Pharma, etc. are eligible.

The following persons are ineligible to participate:

- (i) Graduates from IITs, IIMs, National Law Universities, IISER, NIDs, and IIITs.
- (ii) Those having qualifications such as CA, CMA, CS, MBBS, BDS, MBA, any master's or higher degree.
- (iii) Those undergoing any skill, apprenticeship, internship or student training programme under Central Government or State Government schemes.
- (iv) Those who have completed apprenticeship, training under National Apprenticeship Training Scheme (NATS) or National Apprenticeship Promotion Scheme (NAPS) at any point.
- (v) If the income of any of the family members of the candidate exceeds Rs 8 lakh for FY 2023-24.
- (vi) If any member of the family is a permanent/regular government employee.

Eligibility Criteria for the Companies:

The list of the top 500 companies on the basis of average Corporate Social Responsibility (CSR) expenditure in the last 3 years are eligible to participate. Participation of the companies in this scheme is voluntary.

Further, any other company/ bank/financial institution desirous of participating in the Scheme, may do so with the approval of the Ministry of Corporate Affairs (MCA), which would take a view keeping in view underrepresented sectors and areas in the above-mentioned 500 companies.

OM dated 18 February 2025 laid down the following criteria for the companies from the under-represented sectors to participate in the Scheme:

- a. **Financial Criteria Turnover:** The company must have an annual turnover of more than 1,000 crore, during the immediately preceding financial year; or net worth of more than ₹500 crore, during the immediately preceding financial year.
- b. **Internship Capacity Pilot Phase:** The Company must commit to take at least 300 interns during the pilot phase.

4.3 Funding Pattern:

As per the pilot project guideline, the funding pattern per intern is as follows:

- Government - Rs. 4500 p.m towards monthly allowance and Rs. 6,000 grant for incidentals
- Company - Rs 500 p.m from CSR funds towards monthly allowance
- Training costs to be borne by the Company from CSR funds.
- Administrative costs to be borne by respective parties (for the Company reasonable administrative expenses can be counted as CSR expenditure).
- Accidental Insurance Policy- Insurance coverage shall be provided to the interns under insurance schemes such as Pradhan Mantri Jeevan Jyoti Bima Yojana, Pradhan Mantri Suraksha Bima Yojana etc. for which premium amount shall be provided by Government. In addition, the companies may provide additional accidental insurance coverage, cost of which may be booked under CSR expenditure.

The institutional structure for implementing the Prime Minister Internship Scheme (PMIS) pilot project comprises a multi-tier framework involving the MCA Head Office, Project Management Unit (PMU) at the head office, Regional Directors (RD Offices), and the Registrar of Companies (RoC) offices for field-level coordination and oversight.

The Scheme is being implemented through an online portal (www.pminternship.mca.gov.in) developed by the Ministry of Corporate Affairs. The Portal serves as a centralized platform for end-to-end Scheme implementation and internship lifecycle management.

4.4 Learning from the implementation of Round I, a series of changes were approved for Round 2. Some of the key changes incorporated across the planning, application and selection were as follows:

- Companies and States were encouraged to have a Dedicated PMIS Cell for better planning and implementation of activities
- Selection criteria for Under-represented sectors were established
- Reduced the number of applications per applicant from five to three to ensure better participation in the scheme

- To determine applicant's age to participate in the scheme, the cut-off date was changed from the last date for submission of application to the date of application submission by the applicant
- Name of company, Additional benefits or assistance being offered by the company were made visible to the applicants
- States/UTs were encouraged to identify the key institutions that can help in mobilizing candidates for internships.
- States were requested to provide training to grassroot institutions on the candidate profile creation and application processes
- Targeted IEC campaigns were carried out based on the location of internship opportunities and qualifications requirements.

4.5 BE sought by the Ministry vis-à-vis the actual BE sanctioned and actuals in the Budget and the reasons for the variation in BE, RE and actual expenditure, during these financial years since its inception under PMIS.

(Amount in Crore)

Year	BE	BE % change	RE	RE % change	Actuals	Actuals % change
2024-25	2000	-	380	-81	29.29	-
2025-26	10831.07	441%	526.29	-95.20	64.91	121%
2026-27	4788.45	-55.79%	-	-	-	-

*As on 31.12.2025

The reasons for the variation in BE, RE and actual expenditure, during these financial years, are stated as under.

In the Budget Estimate of FY 2024-25, an amount of Rs. 2000 crore was allocated for PM Internship Scheme (Main Scheme). As an initiation to this ambitious scheme, a Pilot Project of the PM Internship Scheme was launched on 3rd October 2024 to provide 1.25 lakh internship opportunities to the youth in the FY 2024-25. An amount of Rs. 840 crore was approved for the Pilot Project of the scheme by the EFC. Revised Estimate was arrived at Rs. 380 crores considering the anticipated expenditure and actual joining of the interns.

As only 16,060 interns joined their internship under both rounds of the Pilot Project, the actual expenditure of 29.29 crore was incurred.

For 2025-26, the Budget Estimate of Rs. 10831.07 crore was allocated to the Ministry for the main Scheme. However, the main scheme could not be commenced, and Pilot Project has been continued. Revised Estimate was arrived at Rs. 526 crores considering anticipated expenditure and provisions for the Pilot Project extension.

4.6 On the question of whether the eligibility criteria of the Scheme have undergone any revision since its inception to date, the Ministry in its written reply stated as under:

The original guideline established eligibility for participation in the Scheme based on the average Corporate Social Responsibility (CSR) expenditure of the top 500 companies over the past three years. In addition to these companies, any other organization, including banks and financial institutions, wishing to participate may do so with the approval of the Ministry of Corporate Affairs (MCA). Further, specific criteria for participation were initially lacking. To address this, an Office Memorandum dated February 18, 2025, was issued to outline the following criteria for companies from underrepresented sectors:

a. Financial Criteria:

- Turnover: The company must have an annual turnover exceeding ₹1,000 crore during the immediately preceding financial year; or
- Net Worth: The company must possess a net worth greater than ₹500 crore during the immediately preceding financial year.

Internship Capacity:

- Pilot Phase: The Company must commit to providing at least 300 internships during the pilot phase.

4.7 Annual physical and financial targets approved vis-a-vis actual achievements under each component of the Scheme:

The year-wise physical and financial targets and achievements have been provided in Table-1 below.

Table 1: Physical and Financial Target and Achievements

FY	Financial Targets (Rs in Crore)				Physical Targets	
	BE (Sanctioned for main scheme)	EFC for Pilot Project	RE	AE (in. r. of Pilot Project)	Internship Opportunities	Internship Opportunities given/posted
2024-25	2000	840 (Oct 24 to Sept 25)	380	29.29	1.25 lakh	1.27 lakh for Round 1
2025-26	10831.07		526	64.91 (as on 31 st Dec. 2025)		1.18 lakh for Round 2 (new and edited unfilled opportunities)

4.8 Regarding the total number of applicants registered, candidates shortlisted, internships commenced, internships completed, and drop-outs under the Scheme (with quantified drop-out rates), the Ministry in its written reply stated as under:

The table below has details across both the Rounds of Pilot Project of PMIS.

table 2: Progress in Round I and II

Metric	Pilot Round 1	Pilot Round 2
Profiles Completed	3.71L	3.75L
Candidates	1.81L	2.14L
Candidates Shortlisted	1.3 L	1.7 L
Offers made by Companies	60,866	71,195
Offers Accepted by Candidates	28,144	24,638
Interns Joined	8,760	7,300
Interns who have completed their internship*	3,417 (39% of the joined)	0 (Round II interns will be completing internship starting April 2026)
Dropouts*	4,702 (53.6 % of the joined)	2,464 (33.7% of the joined)

- As on 27th January 2026

4.9 Regarding the total Number of participating industries/organisations (sector-wise and size-wise classification), including new registrations versus repeat participation, the Ministry furnished in its written reply as follows:

In Round I of the Pilot Project, more than 1.27 lakh internship opportunities were offered by 280 partner companies across the country. In Round II, a total of 327 companies posted over 1.18 lakh internship opportunities. A total of 254 companies have posted the opportunities in both the rounds of the pilot project.

The number of companies that offered internship opportunities across various sectors is given in Table 3 below:

S.No	Sectors	Number of Companies	
		R1	R2
1	Agriculture and allied	13	12
2	Automotive	18	18
3	Aviation & Defence	5	5
4	Banking and financial Services	57	62
5	Cement & Building Materials	11	13
6	Chemical Industry	17	19
7	Consulting Services	2	5
8	Diversified Conglomerates	3	4
9	FMCG (Fast-Moving Consumer Goods)	18	22
10	Gems & Jewellery	2	1
11	Healthcare	7	13
12	Housing	5	6
13	Infrastructure & Construction	21	27
14	IT and Software Development	23	27
15	Leather and products	1	1
16	Manufacturing & Industrial	61	67
17	Media, Entertainment & Education	3	7
18	Metals & Mining	30	31
19	Oil, Gas & Energy	36	41
20	Pharmaceutical	20	23
21	Retail & Consumer Durables	9	8
22	Sports	2	1
23	Telecom	5	8
24	Textile Manufacturing	7	7
25	Travel & Hospitality	7	10

Table 3: Sector -wise number of Companies in Round I and II

The size of companies is bifurcated based on the Internship opportunities posted across both the rounds in table below:

Table 4: Number of Companies categorized by number of Internship Opportunities posted

Categories of Internship Opportunities	No. of Companies in Round 1	No. of Companies in Round 2
Below 100	115	171
101 - 250	79	72
251 – 1000	60	63
Above 1000	26	21

4.10 Certification rates and number/percentage of interns securing employment, apprenticeship, self-employment, or higher education progression within 3, 6, and 12 months of completion;

In Round I of the pilot project, 3,417 interns have completed their internship as on 27 January 2026.

The PM Internship Scheme is designed to enhance industry-relevant skills, improve job readiness, and foster professional exposure through structured internships in India's top-performing companies and institutions to create job ready, skilled work force. The scheme is not designed to provide placement offers. However, placement offers are being issued by the companies after assessing candidates' suitability and as per their workforce requirement and company policy.

4.11 About defined Key Performance Indicators (KPIs) at inception vis-à-vis actual performance against each KPI, the Ministry furnished the following:

The pilot project of the scheme aimed at providing 1.25 lakh internship opportunities was initiated on 3rd October 2024. As on date, the Ministry has implemented two rounds of the Pilot Project. In Round I and Round II of the Pilot project, the partner companies provided 1.27 lakh and 1.18 lakh internship opportunities respectively. Against this, 8,760 candidates joined internship in Round I and 7,309 interns joined in Round II of the pilot project. The target of

providing 1.25 lakh internship opportunities by the partner companies was achieved in Round I itself.

4.12 On being asked regarding the Quantified shortfalls in enrolment, completion, industry participation, stipend disbursement timelines, certification, and placement outcomes, along with clearly stated reasons for each shortfall, the Ministry in its written reply stated as under:

The pilot project aimed to provide 1.25 lakh internship opportunities. The scheme garnered good response from the companies with the posting of more than 1.27 lakh opportunities in Round I and over 1.18 lakh opportunities in Round II. Against these opportunities, more than 10 lakhs applications from over 3.8 lakh applicants were received across both the rounds showing encouraging participation from the youth. The reasons for the shortfall across the parameters are stated in Table-4 below.

Table 5: Reasons for the shortfall

Parameter	Shortfall (Yes/No)	Remarks
Enrolment	No	Across both the rounds, more than 10 lakh applications were received against the internship opportunities posted.
Completion and Certification	Yes	In Round 1, a total of 3,417 interns successfully completed their internships out of 8,760 who joined the programme. However, 4,702 interns—representing 53.6% of those who joined—dropped out before completion due to the following reasons: <ul style="list-style-type: none"> · Location constraints · Duration of the internship · Pursuit of higher education In Round 2 commenced in April 2025, interns are currently undergoing their internship engagements. The completion cycle for Round 2 is expected to begin from April 2026 onwards.
Industry participation	No	Across both rounds, 353 companies/organisations posted internship opportunities from among the top 500 companies identified based on CSR expenditure. It is pertinent to note that participation by companies is voluntary.

Stipend disbursement timelines	Yes	The delay in disbursement in Round I was primarily attributable to delays in Aadhaar seeding with interns' bank accounts and in the marking of eligible interns by participating companies. These issues were subsequently addressed through integration of the PMIS portal with NPCI/PFMS, and regular follow-ups supported by targeted capacity-building initiatives
Placement outcomes	No	The scheme is not designed to provide placement offers.

4.13 Regarding Identification of high-performing and under-performing States/UTs with measurable benchmarks and corrective actions undertaken in respect of under-performing regions, the Ministry in its written reply stated as under:

As per the PMIS guidelines, a framework has been designed to give State/UT & District awards based on several performance indicators such as number of IEC camps conducted, ratio of candidates registered to opportunities, ratio of applicants to candidates registered, etc. These awards are designed to recognize and incentivize proactive implementation, outreach, and measurable outcomes by States/UTs and district administrations.

MCA has implemented several initiatives to enhance participation and performance across regions. Key initiatives undertaken are elaborated below:

1. Outreach and Mobilization: To enhance outreach and mobilization, PMIS IEC toolkits have been circulated in both print and digital formats to all States/UTs. The IEC activities were dynamically allocated to digital channels in a targeted manner towards youth residing in districts with a high concentration of internship opportunities and/or identified application deficits to optimise demand-supply alignment and improve application coverage
2. Real-Time Access and Monitoring: Dedicated state and district-level logins that allow access to real-time dashboards and registration data has already been activated. Currently, 34 State Nodal Officers (SNOs) have been appointed across various departments, although West Bengal and Lakshadweep are yet to finalize their appointments.

3. National Workshop Participation: A national-level workshop aimed at sharing best practices and strategies was conducted with 24 States/UTs. Additionally, States have submitted formal feedback, which will be instrumental in refining our approach and addressing specific challenges.

4. Open House for State Nodal Officers: An open house session for state nodal officers was conducted to discuss challenges, share insights, and foster collaboration among States.

4.14 On the issue regarding the reasons for low joining and drop-outs, the Ministry in its written reply stated as under:

- Location is an important consideration and ideal travel distance indicated by candidates is between 5-10 km.
- Internship period of 12 months is longer than that in normal skilling programs.
- Some candidates are not interested in roles offered.
- The existing criteria of 21–24-year age limit excluded many recent Class 10, 12, ITI, Diploma pass-outs, who were interested in the scheme.
- Substantial proportion of youth within the 21–25 age group held postgraduate degrees but were unable to participate despite seeking practical industry exposure
- The evaluation found that the monthly allowance was not adequate to meet interns' living and mobility expenses, especially for those who are travelling to different Cities, States or long distances within the same City/District.
- High dropouts immediately after the disbursement of the one-time ₹6,000 financial assistance.
- Absence of dedicated institutional mechanisms at the state level, affecting awareness, mobilization, and retention.

4.15 Based on the learning during the implementation of the Prime Minister Internship Pilot Project, in Round 1, following corrective measures were undertaken to improve the scheme performance:

- i. Portal Improvement: functionality for geo-tagging internship location, moving vacancies and candidates between one location to another and, more visibility of additional benefits given by companies to the candidates
- ii. Targeted Information, Education and Communications (IEC) activities
- iii. Active engagement and coordination with States, UTs, Ministries and Departments of the Central Government and Industry Associations for enhancing the outreach of the scheme.
- iv. Active engagement with industry to ensure meaningful internship experience for the interns to enhance their skills and employability, including reporting of quarterly progress of the interns by the companies on the portal.

4.16 On being asked regarding the similar internship or youth employability schemes implemented by State Governments within the country or in other countries globally, the Ministry in its written reply stated as under:

S. No.	Name of Scheme	Focus Area (Internship/ Apprenticeship/ Skilling)
1	Saksham – Kaushalya Vardhan Kendra 2.0, Gujarat	Skilling, Entrepreneurship Development
2	Mukhyamantri Bhavishyalakshi Kaushalya Vikas Yojana, Gujarat	Skilling, On-the-Job Training (OJT), and Apprenticeship
3	Kushal Yuva Program (KYP), Bihar	Skilling & Employment Training
4	Chief Minister’s Kaushalya Karnataka Yojane (CMKKY), Karnataka	Skilling
5	Pramod Mahajan Kaushalya Udyojakta Vikas Abhiyan (PMKUVA), Maharashtra	Skilling and readiness for employment
6	Saksham Jharkhand Kaushal Vikas Yojana (SJKVY), Jharkhand	Skilling, Employment & Self-Employment training
7	SURYA Scheme (Skilling, Upskilling, Reskilling of Youths and Assessments), Harayana	Skilling, Upskilling, Reskilling
8	Utkarsh Bangla, West Bengal	Skilling (including RPL, Project Mode)
9	Bihar ₹10,000 Internship Scheme	Internship
10	Chief Minister Apprenticeship Policy for Govt. Establishments, Goa	Apprenticeship
11	Mukhya Mantri Apprenticeship Scheme, Gujarat	Apprenticeship
12	Kerala State Apprenticeship Promotion Scheme	Apprenticeship

13	Mukhya Mantri Yuva Internship Yojana 2024, MP	Internship
14	Mukhyamantri Seekho Kamao Yojna (MMSKY), MP	Apprenticeship
15	Ladka Bhau Yojna - Mukhyamantri Yuva Karya Prashikshan Yojana 2024	Internship
16	Maharashtra Apprenticeship Promotion Scheme	Apprenticeship
17	UP Internship Scheme 2024	Internship
18	Chief Minister Apprenticeship Promotion Scheme, UP	Apprenticeship
19	West Bengal Student Internship Scheme	Internship
20	West Bengal Apprenticeship Promotion Scheme	Apprenticeship

Information on the major internship or youth employability schemes of the state Governments is provided in Table-7 below:

Table 8: Key Internship and employability schemes of the State Governments

Some of the internship/skilling schemes being implemented by other countries are listed below:

Sr. No	Name of Scheme	Focus Area (Internship/ Apprenticeship/ Skilling)
1	Hong Kong: STEM Internship Scheme	Internship
2	South Korea: KGGTF Youth Internship	Internship
3	Japan: Technical Intern Training Program	Internship
4	New Zealand: MBIE/Govt. Internships	Internship
5	South Korea: National Youth Internship	Internship
6	USA: Minority Access Internship	Internship
7	China: Vocational Training	Skilling
8	European Union: Blue Book Traineeship	Skilling

4.17 On the question of whether the Ministry has undertaken any assessment to identify the reasons for the Scheme's underperformance, the Ministry in its written reply stated as under:

1. In the PMIS Pilot Project, a total of 353 companies participated and provided 1.27 lakh and 1.18 lakh internship opportunities to the youth in Round I and Round II, respectively. The participation by the company in the scheme is voluntary.

2. With only 7 RD offices and 25 RoC offices, the Ministry of Corporate Affairs has limited regional and on-field presence. The Ministry and its regional offices have coordinated with the state government and their dedicated nodal offices to enhance the outreach, mobilization and effective implementation of the scheme.

3. The delay in disbursement in Round I was primarily due to delays in Aadhaar seeding with interns' bank accounts and in the marking of eligible interns by participating companies. These issues were subsequently addressed through integration of the PMIS portal with NPCI/PFMS, and regular follow-ups supported by targeted capacity-building initiatives.

4. There is a centralized database maintained on the PMIS portal that provides the data on the posting of internship opportunities by the companies, candidate registration, application submitted by the candidates, selection, acceptance, joining and completion of the internships which is shared with different stakeholders such as MCA, RD/RoC offices, Companies, Interns and State/UT nodal agencies through user-specific dashboards on the portal.

The following changes were made in the portal during the implementation of the pilot project:

- A functionality was provided to show the opportunities as per the candidates' preferences of location, role and sector
- Enabled GIS functionality on the portal that shows interested youth opportunities closer to their location.
- Integrated the PMIS portal with National Career Services (NCS)

5. Given the relatively low awareness and acceptance about the concept of 'internships' among Indian youth, especially those living in smaller cities as well as from a nonprofessional academic background (eg BA, BSc, etc), IEC

campaigns were focused on building foundational awareness and promote participation. Throughout the pilot phase, the IEC strategy was refined based on feedback collected from PMIS applicants regarding the channels through which they first became aware of the scheme. Based on this feedback the IEC activities were allocated to digital channels in a targeted manner towards youth residing in districts with a high concentration of internship opportunities and/or identified application deficits to optimise demand-supply alignment and improve application coverage

6. With only 7 RD offices and 25 RoC offices, the Ministry of Corporate Affairs has limited regional and on-field presence. There is a dedicated PMU at the MCA headquarters for the implementation of the PMIS Pilot Project. However, a dedicated manpower at all the regional offices are provided for in the present pilot phase of the project.

7. The existing monthly allowance was found to be inadequate based on feedback and learnings of the pilot project, especially for interns travelling to districts/state outside their current residence.

The MCA is in process of seeking approval to extend the pilot project with the changes in the eligibility criteria for both the companies and youths and changes in the internship such as it's duration, age limit, qualifications, monthly assistance to interns amongst others.

B. Insolvency and Bankruptcy Code (IBC)

4.18 The Insolvency and Bankruptcy Code which came into being on May 28, 2016 provides a legislative framework for the insolvency resolution of (i) Companies under the CA-13, limited liability partnerships under the Limited Liability Partnership Act, 2008 or any other person incorporated with limited liability under any law (excluding financial service providers); and (ii) individuals, including personal guarantors to corporate debtors, partnership firms and proprietorship firms and other individuals.

4.19 The four pillars of the Code are as follows:

- i. The Insolvency Professionals (IPs), who are the regulated and licensed professional, responsible for managing and overseeing the efficient working of the insolvency, liquidation and bankruptcy processes.
- ii. The Information Utilities (IUs), are regulated and licensed repositories of information who store facts about lenders and terms of lending in electronic database and eliminate delays and disputes about facts when default does take place.
- iii. Adjudicating Authority (AA), namely, NCLT acts as the forum where corporate insolvency is heard and Debt Recovery Tribunal (DRT) where individual insolvencies are heard.
- iv. The fourth pillar is the regulator, the Insolvency and Bankruptcy Board of India (IBBI) which has regulatory oversight over the IPs, IPAs, IPEs and IUs and has the responsibility for specifying the regulations for various processes under the Code.

(Annual Report Page no 48 and 49)

The year-wise details of Budgetary allocation for IBBI is as under:

Budget (Grants) (in Crore)						
Financial Year	B.E.	B.E. % change	R.E.	R.E. % change	Actuals	Actuals % change
2021-22	39	-13.23%	28	5.34%	26	-2.18%
2022-23	58.02	48.77%	32.06	14.50%	28.77	10.65%
2023-24	41.85	-27.87%	19	-40.74%	19	-33.96%
2024-25	19	-54.60%	0.03	-99.84%	0	-100.00%
2025-26	0.03	-99.84%	0.03	0.00%	0	0.00%
2026-27	0.03					

4.20 The reasons for the variation in BE, RE and actual expenditure is furnished below:

Financial Year	Reasons for variation in BE, RE and Actual expenditure, if any
-----------------------	---

2021-22	In view of the COVID-19 pandemic, the IBBI revised its Budget Estimates by rationalising expenditure.
2022-23	The IBBI in BE have considered the IBC-21 project costing around Rs. 30 crore, the expenditure was deferred to FY 2023-24 and hence downward revision of RE 2022-23.
2023-24	The IBBI has availed RE of Rs. 19 crore against BE of Rs. 41.85 crore, as IBBI decided to meet its remaining expenditure from its internal resources.
2024-25	The IBBI has not availed any grant-in-aid in FY 2024–25 and met its expenditure through internal resources.
2025-26	The IBBI has not availed any grant-in-aid since FY 2024–25 and has been sustaining its expenditure through internal resources.

Expenditure incurred on insolvency professionals - The oversight of Insolvency Professionals is an integral and ongoing function of the IBBI and is carried out as part of its overall regulatory and supervisory mandate. There is no separate or earmarked budgetary allocation for this specific activity, as the related expenditure is met from the Board’s consolidated administrative and operational resources.

Expenditure incurred towards capacity building and training activities – The Financial year wise expenditure incurred towards capacity building and training is detailed below:

Financial Year	Amount (in lakhs)
2021-22	18.97
2022-23	54.31
2023-24	43.07
2024-25	75.64
2025-26	60.01

4.21 Regarding Institutional capacity within regulators, including dedicated units, staffing, budgetary support, and use of data analytics, the Ministry in its written reply stated as under:

The Insolvency and Bankruptcy Board of India (Board) was established on 1st October, 2016 in accordance with the provisions of the Insolvency and Bankruptcy Code (IBC), 2016. The Board consists of a chairperson and three

Whole Time Members (WTM), besides ex-officio and independent members. In addition to this the following grades are authorized:-

	Sanctioned Post		
	Total	Promotion	Deputation
Executive Director	4	3	1
Chief General Manager (CGM)	4	3	1
General Manager (GM)	8	6	2
Deputy General Manager (DGM)	4	3	1
Assistant General Manager (AGM)	8	6	2
Manager	13	10	3
Assistant Manager	27	20 (Direct)	7
Personal/ General Assistant(Grade III)	2	2	0
Personal/ General Assistant(Grade II)	2	2	0
Personal/ General Assistant(Grade I)	6	6	0
Total	78	61	17

Note: Positions are as per IBBI (employees' service) regulations, 2017(amended up to 06-07-2022).

Against the total 78 sanctioned post as on date a total of 33 staff are working at IBBI on regular/deputation basis with total vacancies of 45.

As regards budgetary support, from FY 2024–25 onwards, the IBBI has become financially self-sufficient and is meeting its entire recurring expenditure from its internal resources, supported by its efficient and dedicated workforce.

4.22 About the number of regulations issued during the last five to ten years that were preceded by an impact assessment, the Ministry stated as under:

Till date, the Board has notified total 18 principal Regulations under section 240 of the Code from December 2016. In the principal regulations various amendments have been carried out from time to time resulting in around 118 amendments to these regulations. The Board has issued the IBBI (Mechanism for Issuing) Regulations, 2018 which lays out the detailed procedure and mechanism for issuing regulations including amendment regulations. It

mandates certain features such as public consultation, economic analysis and review of regulations.

4.23 On the query whether any instances have been observed where regulations were changed, the ministry responded as under:

- a. Problems faced with only 1 Authorized Representative (AR) in cases with numerous of creditors: Regulations have been amended to enable appointment of more than 1 Authorized Representative.
- b. Simplification of Forms filing for IPs: The IBBI has streamlined the CIRP compliance framework by consolidating nine existing forms into five, eliminating duplication and enabling auto-population of data through its portal. It also introduces a standardized monthly reporting cycle in place of multiple event-based filings, thereby reducing compliance burden on Insolvency Professionals while ensuring timely and effective regulatory oversight.

4.24 Regarding the question whether any international benchmarking adopted to align India's regulatory practices with global standards, the Ministry in its written reply stated as under:

(a) India's performance in 'Resolving Insolvency' indicator of World Bank's Doing Business Report

In World Bank's *Doing Business Report 2020* (DBR) India's ranking in the 'Resolving Insolvency' indicator jumped 56 places to 52 in DBR 2020 from 108 in DBR 2019. The DBR 2020 noted that the new law has introduced the option of insolvency resolution for commercial entities as an alternative to liquidation or other mechanisms of debt enforcement, reshaping the way insolvent companies can restore their financial well-being or close down. The Code has put in place effective tools for creditors to successfully negotiate and effectuated greater chances for creditors to realise their dues. As a result, the overall recovery rate for creditors has jumped from 26.5 to 71.6 cents on the dollar and the time taken for resolving insolvency has also come down significantly from 4.3 years to 1.6 years.

(b) Upgrade of India's Insolvency Regime

India's insolvency and bankruptcy framework has witnessed a significant improvement, with S&P Global Ratings upgrading its jurisdiction ranking for India's insolvency regime from 'Group C' to 'Group B'.

This upgrade of India's Insolvency and Bankruptcy framework from Group C to Group B reflects India's sustained efforts towards strengthening of creditor protection and improving the effectiveness of the Insolvency and Bankruptcy Code, 2016 (IBC). The Report noted that the IBC has enhanced credit discipline by making the resolution process more creditor-driven, with promoters facing a credible risk of losing control over stressed entities. The average recovery rates have improved from 15–20 per cent under the pre-IBC regime to 30 per cent, while resolution timelines have reduced sharply from 6–8 years to about 2 years. Secured creditors, in particular, have experienced significantly higher recoveries.

The Report has also acknowledged the role of judicial reinforcement of creditor rights, which have contributed to greater predictability and discipline in the resolution process.

4.25 On being asked Whether the Government proposes to grant statutory backing or issue mandatory guidelines to institutionalise Regulatory Impact Assessment (RIA), establish an oversight mechanism for inter-regulatory coherence, and prescribe clear timelines for implementation and the Insolvency and Bankruptcy Board of India adopt formal RIA frameworks, the Ministry in its written reply stated that no such proposal is under consideration.

4.26 When the Committee desired to know the issue relating to prevention of strategic manipulation of insolvency processes by promoters or related entities, while ensuring timely resolution for creditors under IBC as observed by the Hon'ble Supreme Court in a recent judgement, the Ministry in its written reply stated as under:

(a) Provisions under Section 29A

Section 29A, of the Insolvency and Bankruptcy Code, 2016 lays down a framework to prevent disqualified persons from regaining control of the

corporate debtor. The provision renders ineligible, inter alia, wilful defaulters, persons whose accounts have been classified as non-performing assets for the prescribed period, persons convicted of specified offences, etc. The ineligibility also extends to connected persons and related parties of such applicants.

Further, by virtue of Section 35(1)(f), a liquidator is prohibited from selling the assets of the corporate debtor to any person who is ineligible under Section 29A, thereby ensuring that the bar operates not only at the resolution stage but also during liquidation. The ineligibility framework has also been extended to the pre-packaged insolvency resolution process, ensuring consistency across insolvency mechanisms.

(b) Strengthening Due Diligence and Beneficial Ownership Disclosure

IBBI amended the CIRP regulations in December, 2025 to mandate that every resolution plan must contain a detailed statement of beneficial ownership, disclosing all natural persons who ultimately own or control the resolution applicant. The disclosure is required to set out the shareholding structure and jurisdiction of intermediate entities in a format prescribed by the Board. The amendment further requires submission of an affidavit clarifying whether the resolution applicant is eligible to avail the protection under Section 32A of the Code.

Additionally, through a Circular dated 18 November 2025, the Board reiterated the responsibilities of Resolution Professionals and Prospective Resolution Applicants in conducting and facilitating rigorous eligibility checks under Section 29A. Resolution Professionals are required to place a detailed note on compliance with Section 29A before the committee of creditors and to ensure that deliberations on eligibility are properly recorded in the minutes of meetings.

(c) Robust Valuation Framework

Regulation 35 of the CIRP Regulations mandates appointment of two independent Registered Valuers to determine the fair value and liquidation value of the assets of the corporate debtor. To enhance transparency, recent

amendments require that the valuation methodology be explained to the committee of creditors prior to the commencement of the valuation exercise.

Further, the IBBI has undertaken a comprehensive review of the valuation framework, particularly in relation to valuations conducted under the Code. The details of the reforms introduced pursuant to this review are elaborated in response to Question No. 23(ii).

(d) BAANKNET platform for listing and auction of assets under liquidation process

To address concerns regarding transparency and efficiency in asset sales during liquidation, the Insolvency and Bankruptcy Board of India, in collaboration with the Indian Banks' Association, has facilitated a centralised listing and auction platform for sale of assets under liquidation on the BAANKNET platform (formerly known as eBKray). The Board has mandated that liquidators shall exclusively use the BAANKNET platform for all liquidation auctions where auction notices are issued on or after 1 April 2025. This measure promotes wider participation, transparency, and auditability of auction processes.

The 10th Report of the Standing Committee on Finance on 'Demands for Grants (2025-2026) of the Ministry of Corporate Affairs (MCA)' has recommended that the MCA implement a direct submission system for resolution plans through a central online portal. The committee emphasized that such a system would ensure sensitive information remains confidential, thereby preventing any undue advantage for involved parties. In light of these recommendations, the IBBI is actively exploring the scope and feasibility of such expansion of resolution process on the platform.

(e) Strengthening Timelines and Institutional Oversight

The proposed Insolvency and Bankruptcy Code (Amendment) Bill, 2025 seeks to reinforce timeline discipline by reiterating the statutory fourteen-day period for admission of applications and prescribing a thirty-day timeline for approval

of resolution plans by the Adjudicating Authority. The Bill also requires written reasons to be recorded for any delay beyond the prescribed timelines.

Further, significant steps have been taken to strengthen the institutional role of the committee of creditors. The Insolvency and Bankruptcy Board of India issued Guidelines for the Committee of Creditors on 6 August 2024 to promote informed, transparent, and commercially sound decision-making. The Corporate Insolvency Resolution Process Regulations have also been amended to further empower the committee of creditors during the resolution process. The proposed Amendment Bill additionally envisages extending the oversight role of the committee of creditors to the liquidation process, thereby ensuring continuity of creditor supervision across stages of insolvency proceedings.

4.27 On being asked regarding the adequacy of the current RP ecosystem, including data on average caseload per RP, sectoral expertise, geographic distribution, and the measurable impact of capacity constraints on resolution timelines, the Ministry in its written reply stated as under:

Status of Registration and Authorisation for Assignment (AFA) : As on 31st December 2025, there are 4,513 registered Insolvency Professionals (IPs), of whom 2,023 hold a valid Authorisation for Assignment (AFA). Out of the total registered IPs, 1,392 are presently handling assignments. Accordingly, approximately 44.8% of registered IPs currently hold a valid AFA, while about 68.8% of IPs holding valid AFA are holding assignments. The total number of ongoing assignments, including liquidation assignments, stands at 3,719. The details are set out in the table below:

Particulars	Number	Percentage
Total Registered IPs	4,513	-
IPs holding valid AFA	2,023	44.8% of registered IPs
IPs with valid AFA engaged in assignments	1,392	68.8% of IPs holding valid AFA
Total ongoing assignments (CIRP + Liquidation)	3,719	-

(a) Average Caseload per Active IP

Based on the above data, the average assignment per IP works out to approximately 2.67. Thus, the average caseload per active IP is approximately 2–3 assignments, inclusive of CIRP and liquidation assignments. This reflects a moderate and manageable workload, well within the regulatory ceiling prescribed under the IBBI (Insolvency Professionals) Regulations, 2016 (IP Regulations).

(b) Nature of Non-AFA Holding IPs

The fact that many registered IPs do not currently hold AFA does not necessarily indicate systemic inadequacy. Non-holding of AFA may be attributable to factors such as voluntary inactivity, limited practice, engagement in advisory or non-assignment roles, or selective sector-specific acceptance of assignments. Further, there has been a sharp decline in Gross NPAs of scheduled commercial banks from about 12% in 2017 to below 2.2% in September 2025. With reduced stress in the banking system and fewer fresh admissions into CIRP, the demand for new assignments and the number of IPs actively taking up assignments has moderated. The AFA framework ensures that only compliant, active and willing professionals undertake assignments, thereby strengthening regulatory oversight and maintaining quality standards in insolvency processes.

In order to obligate individual IPs to undertake assignments commensurate with the time-bound objectives enshrined in the Code and thereby promoting judicious caseload management, upholding professional standards, and safeguarding stakeholder interests, IBBI has recently brought out an amendment to the IP Regulations by extending the existing assignment ceiling of 10 (ten) assignments in the capacity of RP, to assignments undertaken in the capacity of IRP and Liquidator, of which no more than 03 (three) assignments undertaken shall involve admitted claims exceeding ₹1,000 crore.

(c) Sectoral distribution of CIRP Assignments:

The sectoral distribution of assignment being handled by the IPs as on 31st December 2025 is given as under:

Sector	Total No. of ongoing cases	Unique IPs
Construction	287	211
Electricity	32	30
Hotels	34	29
Manufacturing	543	411
Real Estate	475	345
Transport	63	61
Wholesale and Retail Trade	184	165
Others	261	220
Total	1879	1472*

*IP may be handling ongoing assignment in more than one sector.

- The data reflects that IPs are handling assignments across a broad spectrum of sectors, demonstrating diversified sectoral expertise within the insolvency ecosystem. The largest concentration of cases is observed in Manufacturing, Real Estate, and Construction, which is consistent with the relative economic footprint and stress levels historically witnessed in these sectors.
- The presence of a high number of unique IPs within each sector indicates that sectoral handling is not concentrated among a limited few professionals but is distributed across a wide professional base.
- Further, there are 127 registered Insolvency Professional Entities (IPEs) of which 98(77%) IPEs are registered as IPs. They provide institutional depth, enabling team-based handling of complex and large-value cases.

(d) Geographic Distribution of IPs as on 31st December 2025

Region	Registered IPs
New Delhi	903
Rest of Northern Region	840
Mumbai	651
Rest of Western Region	592
Chennai	275
Rest of Southern Region	798
Kolkata	323
Rest of Eastern Region	131
Total (Individual)	4513

IPs are distributed across all major NCLT jurisdictions and key economic clusters in the country. While a relatively higher concentration is observed in metropolitan and industrial regions, the regulatory framework permits cross-jurisdictional appointments, thereby mitigating potential regional capacity constraints and ensuring continuity of processes across locations.

(e) Impact on Resolution Timelines

Based on the available data, the average caseload per active IP does not indicate any systemic overload. In addition to the recent amendments to the IP Regulations, the Board, in coordination with the Insolvency Professional Agencies (IPAs), continues to take steps to maintain quality and ensure that the RP ecosystem remains well prepared.

These steps include regular capacity-building programmes such as Continuous Professional Education (CPE) programmes, three-day in-person programmes, and workshops on recent legal and regulatory developments, sector-specific training, and sessions on process management, valuation, stakeholder coordination, and professional ethics. Webinars and knowledge-sharing sessions on important judicial developments are also conducted. These continuous efforts help improve professional skills, strengthen understanding of different sectors, and ensure that IPs remain updated with changing regulatory and judicial requirements.

4.28 On being asked about the continued pendency of a considerable proportion of stressed assets, indicating persistent structural and procedural constraints within the recovery ecosystem, the Ministry in its written reply stated as under:

The Insolvency and Bankruptcy Code (IBC) is designed to preserve and maximise the value of assets of the corporate debtor from the stage at which it enters the insolvency process, and not to reverse value erosion that may have already occurred prior to its admission into CIRP. As on December 2025, 1,376 were resolved through resolution plans. In cases resolved through resolution plans, creditors have realised **more than 31.63% of admitted claims** and **more than 171.54% of the liquidation value**. Importantly, resolution plans on average have yielded **94.95% of the fair value** of the corporate debtors. This demonstrates that once a corporate debtor enters the IBC framework, the Code

is largely successful in preserving and realising the intrinsic economic value of the enterprise. Therefore, the recovery outcomes under the IBC should be viewed in the correct context. The Code effectively **rescues and maximises the value of assets as they exist at the time of entry into insolvency**. Where recoveries appear modest as a percentage of admitted claims, it is primarily attributable to value erosion **prior to admission**, and not to any inefficiency in the IBC framework itself.

The total stock and value of stressed assets pending resolution under IBC and SARFAESI: As per the RBI's report on Trend and Progress of Banking in India, the recovery reported to RBI under IBC and SARFAESI is as under:

Financial Year	IBC			SARFAESI		
	Amount involved (Rs. in crores)	Amount recovered (Rs. in crores)	Percentage of recovery	Amount involved (Rs. in crores)	Amount recovered (Rs. in crores)	Percentage of recovery
2020-2021	1,35,139	27,311	20.2%	67,510	27,686	4.1%
2021-2022	1,99,250	47,421	23.8%	1,21,642	27,349	22.5%
2022-2023	1,38,715	54,161	39.0%	1,11,359	30,957	27.8%
2023-2024	1,63,943	46,340	28.3%	1,19,554	30,416	25.4%
2024-2025 (Provisional)	1,49,045	54,528	36.6%	1,03,180	32,466	31.5%

The average time taken for recovery vis-à-vis prescribed timelines: The Code endeavours to close the various processes at the earliest. The 1376 CIRPs, which have yielded resolution plans by the end of December 2025 took on average 619 days (after excluding the time excluded by the AA) for conclusion of process. Similarly, the 2952 CIRPs, which ended up in orders for liquidation, took on average 527 days for conclusion. Further, 1613 liquidation processes, which have closed by submission of final reports took on average 675 days for closure. Similarly, 1943 voluntary liquidation processes, which have closed by submission of final reports, took on average 394 days for closure.

Sector wise details of cases admitted during last five years are mentioned below: -

Sector	Number of Admissions
Manufacturing	1491
Real Estate, Renting & Business Activities	1044
Construction	573
Wholesale & Retail Trade	448
Hotels & Restaurants	81
Electricity & Others	108
Transport, Storage & Communications	110
Others	561

4.29 Regarding the Key Bottlenecks in effective implementation of the IBC and the comparative recovery outcomes:, the Ministry in its written reply stated as under:

The Code endeavours to close the various processes at the earliest. However, the delays in the insolvency process under the Code are mainly on account of litigation causing impediments in the processes. Further, the key challenge faced in the effective implementation of the IBC are delays in the process.

Comparative recovery outcomes: According to RBI's report on *Trends and Progress on Banking in India 2024–25 (released on 29th December 2025)*, the IBC remained the dominant mode of recovery. Of the total ₹1,04,099 crore recovered by Scheduled Commercial Banks through various mechanisms, nearly ₹54,528 crore came through the IBC route. The share of IBC in total amount recovered increased to 52.4 per cent in 2024-25 as compared with 49.5 per cent in the previous year (Table 1). The recovery rate under the IBC improved to 36.6 per cent in 2024–25 from 28.3 per cent in 2023-24. Under the IBC, the realizable value stood at 170.1 per cent of liquidation value at end-September 2025 as compared to 161.1 per cent at end-September 2024.

Table 1: NPAs of SCBs Recovered through Various Channels								
(Amount in ₹ crore)								
Recovery Channel	2023-24				2024-25 (P)			
	No. of cases referred	Amount involved	Amount recovered *	Col. (4) as per cent of	No. of cases referred	Amount involved	Amount recovered *	Col. (8) as per cent of Col. (7)

				Col. (3)				
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Lok Adalats	12341783	181934	3308	1.8	14912705	197907	4742	2.4
DRTs	30806	79414	13527	17.0	34430	129516	12363	9.5
SARFAESI Act	216571	119554	30416	25.4	215709	103180	32466	31.5
IBC @	1004	163943	46340	28.3	732	149045	54528	36.6
Total	12590164	544845	93591	17.2	15163576	579648	104099	18.0
<p>P: Provisional. DRTs: Debt Recovery Tribunals.</p> <p>*: Refers to the amount recovered during the given year, which could be with reference to the cases referred during the given year as well as during earlier years.</p> <p>@: Cases admitted by National Company Law Tribunals (NCLTs).</p> <p>Sources: Off-site returns, RBI, and Insolvency and Bankruptcy Board of India (IBBI).</p>								

4.30 On the question whether any assessment has been done as to how much IBC is able to prevent sickness and liquidation of companies, the Secretary, MCA deposed as under:

The Code has fundamentally reshaped the dynamics between debtors and creditors. To this effect, about 32,179 companies managed to resolve their financial distress before their cases were formally admitted into Corporate Insolvency Resolution Process (CIRP) under the Code. These pre-admission withdrawals collectively involved an aggregate amount of Rs. 14.61 lakh crore.

Furthermore, the Code has successfully resolved or liquidated several sick and/or defunct companies post admission into CIRP. Till December, 2025 out of the 1376 Corporate Debtors (CDs) that were resolved through resolution plans about 42% were earlier with BIFR and/or defunct. Similarly, till December 2025, out of the 2952 CIRPs that ended in liquidation around 78% of the CIRPs were earlier with Board for Financial and Industrial Reconstruction (BIFR) and/or defunct. The economic value in most of these CDs had almost completely eroded even before they were admitted into CIRP. The overall

resolution-to-liquidation ratio has improved over time, indicating the growing effectiveness of the Code towards resolution rather than liquidation.

4.31 Regarding the issue of prevention of strategic manipulation of insolvency processes by promoters or related entities while ensuring timely resolution for creditors, the Secretary, MCA deposed as under:

The Code contains specific safeguards to prevent misuse of the insolvency process by promoters or related parties. Section 29A of the Code disqualifies persons with undesirable antecedents, including wilful defaulters, non-performing asset account holders, and connected persons, from submitting resolution plans, thereby preventing backdoor entry of defaulting promoters into the corporate debtor.

At the same time, Section 32A provides that upon approval of a resolution plan resulting in a change in management or control to a person not covered under section 29A, while the corporate debtor is granted immunity from prior offences, liability continues for the erstwhile promoters and responsible persons. Various duties have been cast on the Resolution Professionals and the Prospective Resolution Applicants under the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016 to ensure that compliances and due diligence with respect to Section 29A of the Code have been met. In compliance of Section 32A, the CIRP Regulations also mandate that every resolution plan must contain a statement of beneficial ownership and an affidavit declaring whether the resolution applicant is eligible or not eligible for the benefit under section 32A.

These provisions, read together, ensure that errant promoters are excluded from the resolution process, discourage strategic defaults, and facilitate timely and value-maximising resolution for creditors by enabling a clean and credible transfer of the corporate debtor to new management.

4.32 On the question whether the government propose to establish a dedicated distressed MSME fund for any alternative financing facility to provide interim bridge finance to MSMEs undergoing PPIRP, the Secretary, MCA deposed as under:

Under the Insolvency and Bankruptcy Code (Amendment) Bill, 2025, Clause 34 of the Code is proposed to be modified to amend section 54A(2) and section 54(3) to provide that the threshold for initiation of Pre-Packaged Insolvency Resolution Process (PPIRP) is relaxed from 66% to 51% to encourage PPIRP. Creation of a distressed MSME Fund is not within the purview of the Ministry of Corporate Affairs.

4.33 Regarding the issue of persistent delays in adjudication of avoidance (PUFF—preferential, undervalued, fraudulent, and extortionate) proceedings, concerns over the pace and quantum of recoveries and the proposal to allow third-party litigation funding in avoidance/PUFF proceedings, the Ministry in its written reply stated as under:

No proposal to allow third-party litigation funding in avoidance/PUFE proceedings is under consideration in the Ministry.

Sections 20 and 25 of the Code empower the IRP/RP to raise interim finance for preserving the value of the corporate debtor and managing its operations as a going concern, subject to approval of the Committee of Creditors. Interim finance forms part of the insolvency resolution process costs and is accorded priority in repayment under Section 30(2) read with Section 53 of the Code, as well as Regulation 31 of the CIRP Regulations. This enables the RP to meet essential costs during CIRP, including engagement of professionals such as legal, accounting and forensic experts. Consequently, interim finance can also be utilised for identification, investigation and pursuit of avoidance transactions, thereby supporting value maximisation for creditors.

4.34 Regarding the data pertaining to avoidance/PUFE applications filed and the amount involved in such transactions, the Ministry in its written reply stated as under:

The following Table presents the data pertaining to avoidance/PUFE applications filed and the amount involved in such transactions:

Period	Number of Applications filed	Amount involved (in Rs. crore)
2017-18	34	18,277
2018-19	202	88,735

2019-20	241	48,721
2020-21	269	91,570
2021-22	185	52,401
2022-23	208	44,658
2023-24	185	33,202
2024-25	72	7,503
Total	1,396	3,85,067

Out of these, 368 applications have been disposed of, covering ₹65,650 crore, with ₹7,931 crore ordered to be clawed back by the Adjudicating Authority.

Delays are mainly on account of institutional capacity constraints at the NCLTs. The case load has increased in time and with existing strength of benches priority is to dispose of resolution/liquidation cases.

Data on average time taken for adjudication and the proportion of cases pending beyond statutory timelines, as regards PUFEE applications, is not maintained.

4.35 On being asked about the absence of third-party funding and whether the Government is considering alternative measures to strengthen avoidance recoveries, the Ministry, in its written reply, stated as under:

Applications relating to avoidance transactions are adjudicated by the National Company Law Tribunal (NCLT) under the provisions of the Code. However, timely disposal of such applications is dependent on the availability of judicial infrastructure.

4.36 On the query whether the Ministry has examined global practices on third-party litigation funding in insolvency in jurisdictions, the Ministry in its written reply submitted that No such study has been undertaken so far.

4.37 On the issue whether the Government contemplates stakeholder consultations or an expert committee to examine the need for specialised recovery frameworks for funds locked in avoidance proceedings, the ministry in its written reply stated that they are presently studying the process internally and a suitable decision will be taken accordingly.

C. National Company Law Tribunal (NCLT) and National Company Law Appellate Tribunal (NCLAT)

NCLT

4.38 NCLT is a Quasi-Judicial Body constituted under Section 408 of the CA13(18 of 2013) w.e.f. June 1, 2016 and by virtue of Section 466(1) of the CA-13 the erstwhile Company Law Board constituted under the provisions of the CA-56 stood dissolved, with effect from that date. The Principal Bench is located at New Delhi and jurisdictional benches at 15 locations viz; New Delhi, Ahmedabad, Amaravati, Allahabad, Bengaluru, Chandigarh, Chennai, Cuttack, Guwahati, Jaipur, Indore, Kochi, Hyderabad, Kolkata, and Mumbai.

NCLAT

4.39 NCLAT is a Quasi-Judicial Body constituted under Section 410 of the CA-13 vide Notification No. 1933 (E) dated June 1, 2016, for hearing the appeals against the orders of the National Company Law Tribunal. Earlier, the Competition Appellate Tribunal (COMPAT) was established on October 14, 2003, under the Competition Act, 2002, with powers to entertain appeals against directions or decisions of CCI, and to adjudicate on claims for compensation that may arise from the findings of the Commission. COMPAT has ceased to exist effective from May 26, 2017. The appellate function under the Competition Act, 2002 is now conferred to the NCLAT. NCLAT is also the appellate authority against the orders of the NCLTs and IBBI under the IBC, 2016 w.e.f. December 1, 2016, and the appellate authority against the orders of the NFRA under the Companies Act, 2013 w.e.f. May 7, 2018. NCLAT has two Benches, one is situated in New Delhi and the other is in Chennai.

4.40 Details of the Budget Estimates (BE) sought by the Ministry vis-à-vis the actual BE sanctioned in the Budget for the past five years, along with the corresponding year-on-year percentage changes for NCLT.

Year	BE (Rs. in cr)	BE % change	RE (Rs. in cr)	RE % change	Actuals (Rs. in cr)	Actuals % change
2020-21	75.22		77.268		77.25	

2021-22	84.01	11.68	87.24	12.90	81.50	5.49
2022-23	89.36	6.36	88.85	1.84	86.51	6.15
2023-24	123.58	38.29	108.37	21.96	99.85	15.43
2024-25	99.08	-19.82	135.87	25.37	122.59	22.77
2025-26	119.88	21	132.11	-2.77	119.32	-
2026-27	124.08	3.5	-	-	-	-

4.41 Reasons for the variation in BE, RE and actual expenditure, as informed by the Ministry is stated below.

The variation in Budget Estimates (BE), Revised Estimates (RE) and Actual Expenditure during the respective financial years is attributable to the progressive increase in the workload of the National Company Law Tribunal (NCLT). The Member Posts have been filled up and consequently the supporting infrastructure has been supplemented. For ensuring smooth and efficient functioning of the Tribunal, additional budgetary requirements arise towards establishment expenses, infrastructure, ICT facilities, office expenses, professional services, and other operational needs. Regular monitoring and prudent financial management are undertaken to ensure that available funds are utilized effectively and in line with the functional requirements of the Tribunal.

4.42 On the question of whether the budgetary allocation will be sufficient to achieve the physical targets for 2026-27, the Ministry in its written reply submitted as under:

Yes. The budgetary allocation proposed for the year 2026-27 is expected to be broadly sufficient to achieve the functional requirement of NCLT. The Budget Estimates have been projected keeping in view the anticipated operational requirements of the NCLT. However, in case any additional requirement arises during the course of the financial year due to unforeseen circumstances, increase in benches, or enhanced functional needs, the same will be assessed at the Revised Estimates (RE) stage and additional funds will be sought by NCLT as per budgetary process.

The National Company Law Tribunal (NCLT) is a quasi-judicial body handling cases under Companies Act, 2013 and the IBC 2016. The pendency of cases in NCLT depends on circumstances and complexity of each case, nature of evidence, large number of Interlocutory Applications (IAs), stay by the appellate bodies in many cases, cooperation of stake holders and adjournments.

4.43 Regarding disposal and pendency of cases in NCLT during the past five years, the Ministry in its written reply stated as under:

Period	Opening Pendency	Received on transfer from High Court	Fresh Filings	Total Disposed	Final Pendency
April 2021 – March 2022	20,654	65	9,212	8,619	21,312
April 2022 – March 2023	21,312	194	8,906	8,988	21,424
April 2023 – March 2024	21,424	240	7,947	9,818	19,793
April 2024 – March 2025	19,793	253	9,065	14,150	14,961
April 2025 – Dec 2025	14,961	41	6,318	6,745	14,575

4.44 As per information provided by NCLT, the disposal and pendency of cases in NCLT as on 31.12.2025 is as under:

Disposal and pendency of cases in NCLT

Cases received from erstwhile CLB	5,345
Cases received on transfer form High Courts upto 31.12.2025	4,988
Fresh cases filed with NCLT upto 31.12.2025	1,08,444
Disposal of cases from 01.06.2016 till 31.12.2025	1,04,202
Pendency of cases as on 31.12.2025	14,575

4.45 The average time taken for admission and final disposal of cases:

As per IBBI Newsletter of quarter ending December 2025, the average time from insolvency commencement date to approval of resolution plan as on December 2025 is 764 days (after excluding the time excluded by the Adjudicating Authority). Keeping in view the differences in the nature and kind

of cases, their complexity, stage-wise procedures involved, average time taken for disposal of cases would not be an accurate indicator of performance.

4.46 On being asked about the steps taken to increase benches and strengthen manpower and infrastructure in the National Company Law Tribunal, and the status of filling 15 pending member vacancies since December 2020, the Ministry stated as under:

Against sanctioned posts of one President and 62 Members, the 'in position' strength of NCLT as on 14.02.2026 is as follows:

1. Hon'ble President	-	00
2. Hon'ble Member Judicial	-	27
3. Hon'ble Member Technical	-	26

For anticipated vacancies of 2025, a vacancy circular was issued on 13.11.2024, further process is underway in collaboration with the judiciary. Further, for the vacancy of President, NCLT, the process is underway in collaboration with the judiciary.

4.47 On being asked about the status of implementation of virtual hearings and e-courts, including the number of cases disposed of through virtual mode vis-à-vis physical hearings over the past five years, and the funds allocated and utilised for the initiative during this period, the Ministry stated as under:

Pursuant to the directions of the Hon'ble Supreme Court in Sarvesh Mathur v. The Registrar General, High Court of Punjab and Haryana, Writ Petition (Civil) No. 1423 of 2022, decided on 6 October 2023, NCLT has introduced a hybrid court system across all its Benches. This hybrid system has substantially strengthened the Tribunal's capacity to hear and dispose of cases in an efficient and accessible manner.

All cases filed before the NCLT are heard through the hybrid mode. The principal advantage of this system is that the personal presence of lawyers, litigants or stakeholders is not mandatory, as they may join the proceedings virtually. It is frequently observed that in several matters one party appears

physically before the Bench while the other joins the proceedings virtually. The hybrid model has been operational across all Benches with effect from April, 2024.

In view of the nature of hybrid hearings, it is not feasible to segregate or distinguish the number of cases disposed of exclusively through virtual courts and compare them with cases handled through physical or non-hybrid modes. In most matters, hearings may take place partly through virtual mode and partly through physical appearance on different dates. Further, on any given date, one party may appear physically while the other participates virtually. Accordingly, compartmentalization of cases into hybrid and non-hybrid categories is neither practical nor administratively workable.

Further, with a view to strengthening the e-Courts initiative, the e-Court 2.0 project for NCLT and NCLAT has been taken up which will further augment the digital infrastructure and technological capabilities of the Tribunal.

In the years 2020-21, 2021-22 & 2022-23, there was no separate head for booking expenditure for e-courts and expenditure for e-courts was booked from the Office Expense head. However, a new head of ICT was created for booking expenditures under e-courts and Hybrids courts from financial year 2022-23.

The work for Design and Development, Implementation, Operation and Maintenance, Training & Capacity Building, etc., towards e-governance solution for NCLT/NCLAT was given to NIC at an estimated cost of **Rs.31,04,80,421/-** over a period of five years, subject to the condition that provisions of GFR 2017 may be followed in the entire duration of the project.

The actual funds spent by NCLT from Financial Year 2020-21 onwards for e-courts and Financial Year 2023-24 onwards for the e-Court 1.0 and Hybrid Courts is as under:

Financial Year	Budget Head	Free Public WiFi	E-Courts	Hybrid Courts	Total Expenditure
2024-25	ICT	2.34	3.27	8.40	14.01
2023-24	ICT	6.39	4.32	--	10.71
2022-23	OE	--	0.55	--	0.55
2021-22	OE	--	4.04	--	4.04
2020-21	OE	--	3.59	--	3.59

4.48 Regarding the data relating to year-wise average CIRP duration vis-à-vis the mandated timeline and a stage-wise break-up of delays; the Ministry, in its written reply, stated as under:

The year-wise average duration of CIRPs since inception vis-à-vis the mandated timeline, along with stage-wise break-up of delays is not maintained by NCLT. IBC cases get delayed due to large numbers of Interim Applications pending in the main case. Adjudication of IAs is important because Hon'ble NCLAT has held that pending application will have to be disposed of before the plan is approved. Further, since each case has different parameters and complexities and many stakeholders are involved therefore the resolution time would be dependent upon the intricacies involved in the matter. It is also seen that Resolution Plans are filed belatedly by RPs due to delay in COC deliberations.

4.49 Regarding the data related to Pendency prevailing in NCLT, the Ministry in its written reply furnished as follows:

As on 31.12.2025 bench-wise pendency is as under:

Bench Name	Total Cases Pending	Bench Name	Total Cases Pending	Bench Name	Total Cases Pending
New Delhi	2494	Cuttack	216	Mumbai	4027
Allahabad	661	Gauhati	103	Chennai	1052
Ahmedabad	654	Hyderabad	529	Kochi	166
Indore	352	Amaravati	71	Chandigarh	1260
Bengaluru	691	Jaipur	360	Kolkata	1939

4.50 The disposal rate of the NCLT under various categories is as under:

Mergers and Acquisitions (Sec 230-232) (From 01.06.2016 to 31.12.2025)

Section	Cases Numbered	Cases Pending	Cases Disposed	% of Disposal
Sec 230-232	20,706	955	19,751	95.38%

Other Provisions of Companies Act (From 01.06.2016 to 31.12.2025)

Section	Cases Numbered	Cases Pending	Cases Disposed	% of Disposal
Sec 241/242, 59, 271-272, 252, etc.	43,244	6,691	36,553	84.53%

(2025) IBC Cases (Sections 7, 9, and 10) (From 01.11.2017 to 31.12.2025)

Section	Opening Balance	Fresh Filings	Cases Pending	Cases Disposed	% of Disposal
Sec 7	321	12,895	1,022	12,194	94.6%
Sec 9	760	25,520	1,392	24,888	97.5%
Sec 10	104	1,008	204	908	90.1%
Total	1,185	39,423	2,618	37,990	--

(2025) IBC Cases (Sections 94 & 95) (From 01.12.2019 to 31.12.2025)

Section	Cases Numbered	Cases Pending	Cases Disposed	% of Disposal
Sec 94 & 95	8,557	3,554	5,003	58.47%

4.51 Regarding the total sanctioned & working strength of Members in NCLT , the Ministry furnished following data:

As on 14.02.2025, total sanctioned & working strength of Members in NCLT are as under:

S. No.	Members	Sanctioned strength	In position	Vacant
1.	President	01	00	01
2.	Judicial Members	31	27	04
3.	Technical Members	31	26	05
Total		63	53	10

4.52 Regarding empirical evidence on value erosion attributable to prolonged proceedings, the Ministry stated as under:

A study of about 678 cases was done to study the impact of delays on the resolution value. It was seen that where the insolvent company was resolved within time frame the resolution value was higher and went down steeply as the

number of days increased. However, it is important to note that the enterprise value of the firm when it enters into IBC, is most often already low.

4.53 The Committee further desired to be informed whether any comprehensive capacity augmentation plan, process re-engineering measures, or legislative interventions are under consideration to ensure strict adherence to timelines and improve resolution outcomes; the Ministry, in its written reply, stated as under:

A bill to amend the IBC has been introduced in the Parliament. It seeks to reduce delays, maximize values for all stakeholders, and improve governances of all the processes under the Code. The existing provisions are proposed to be modified to better align with the overall objectives of the Code and to introduce new provisions that follow global best practices for resolving insolvency.

4.54 Details of the Budget Estimates (BE) sought by the Ministry vis-à-vis the actual BE sanctioned in the Budget for the past five years, along with the corresponding year-on-year percentage changes for NCLAT.

Year	BE (Rs. in cr)	BE % change	RE (Rs. in cr)	RE % change	Actuals (Rs. in cr)	Actuals % change
2020-21	25.32		37.16		36.31	
2021-22	38.29	51	37.80	2	36.75	1
2022-23	41.71	9	39.85	5	39.05	6
2023-24	49.24	18	42.41	6	43.98	13
2024-25	41.96	-15	44.63	5	44.40	1
2025-26	44.39	5.8	45.29	1.48	38.05*	-
2026-27	46.25	4.2	-	-	-	-

4.55 The reasons for the variation in BE, RE and actual expenditure during these Financial Years are as follows:

1. Revision in the remuneration of LRAs.
2. Less providing of budget than actual demand
3. Contingent Expenditure

4. Delay in filling in vacancies viz. Members, Staffs from SSC etc.
5. Development in IT Infrastructure in last 2 years.

The NCLAT has indicated that the budgetary allocation for 2026-27 will be sufficient to achieve the physical targets.

D. National Financial Regulatory Authority (NFRA)

4.56 NFRA is a statutory body constituted under Section 132 of Companies Act-13. It was constituted on October 1, 2018 to protect the public interest and the interests of investors, creditors and others associated with the companies or bodies corporate by establishing high quality standards of accounting and auditing and exercising effective oversight of accounting functions performed by the companies and bodies corporate and auditing functions performed by auditors. (Annual Report)

4.57. The allocation of funds during last three years and Actuals in last two years in respect of NFRA is as given below: -

Year	BE	BE % Change	RE	RE % Change	Actuals	Actual% change
2026-27	49	-	-	-	-	-
2025-26	47.00	6.82	49.50	12.50	49.50	12.50
2024-25	44.00	1.85	44.00	14.28	44.00	24.82
2023-24	43.20	45.89	38.50	5.51	35.25	0.14
2022-23	29.61	10.86	36.49		35.20	47.52
2021-22	26.71				23.86	

4.58 Reasons for the variation in BE, RE and actual expenditure during these financial years as furnished by the Ministry is stated below:.

NFRA became a grantee organization on 3rd March 2023. Prior to becoming a grantee organization, NFRA's receipts and expenditures were part of the accounts of the MCA. In the FY 2023-24 as against the BE of Rs. 43.20 Cr., the RE was reduced to Rs. 38.20 Cr. by the Ministry in consonance with the pace of expenditure. However, a Rs. 3.25 crores from GIA salaries had to be surrendered from the RE as the fresh appointments against the vacant posts

could not be made as expected during 2023-24. The allocation and the expenditure in the year 2024-25 and 2025-26 has increased partly due to the increase in the Staff Strength, increase in remuneration and partly due to increase in other establishment expenditure.

4.59 Amount spent on administrative, technology, audit inspection, enforcement activities including all other administrative expenditures except salaries for the last 3 FYs after NFRA became a Grantee Organization is as follows:-

FY	Amount
2025-26*	30.50
2024-25	28.50
2023-24	23.00

* Estimated figures on the basis of current pace of expenditure.

4.60 On being asked about the number of sanctioned expert positions and the extent to which staffing has been affected due to budgetary constraints, the Ministry, in its written reply, stated as under:

There is no sanctioned expert position as such in NFRA. And, none of the posts has remained vacant due to budgetary constraints. Further, there is no adverse effect on audit inspections, enforcement actions, or the overall quality of audit oversight due to shortage of funds.

There are 53 number of sanctioned posts in NFRA (other than 13 support staff) and as on dated 34 posts are filled up but the reasons for vacancy is not budgetary constraints

4.61 In response to the question regarding disciplinary orders issued by the National Financial Reporting Authority (NFRA) and reason for the prolonged lull in issuing the orders, the Ministry stated as under:

Currently a total of 113 complaints/matters are under examination at various stages in NFRA.

No disciplinary orders have been issued in FY 2025-26. Disciplinary actions being undertaken in NFRA in 2025-26 could not be given effect to due to the interim order dated 17.02.2025 by Hon'ble Supreme Court which permitted continuation of proceedings but directed that no final orders be passed or enforced until further orders. As a result, NFRA is presently constrained from passing or enforcing disciplinary orders and disciplinary orders could not be passed in 2025-26, so far.

A total of 139 matters have been disposed off (either disciplinary orders issued or closed or referred to other relevant organisations). It may please be noted that a single complaint or matter may involve more than one auditor or audit firm and may pertain to more than one financial year, in which case a single complaint or matter can result in more than one disciplinary action or other mode of disposal.

Reasons for the prolonged lull in issuing orders

- (i) NFRA had approached the Hon'ble Supreme Court against the judgment of the Hon'ble Delhi High Court dated 07.02.2025, which while being very favourable in upholding several issues concerning the constitutional and legal framework governing NFRA including retrospective jurisdiction of NFRA, had passed an adverse order in respect of 11 show-cause notices/orders, and left it open to NFRA to draw proceedings afresh if so chosen and advised from the stage of issuance of fresh notices based on the findings that were recorded in NFRA's audit quality reviews in respect of these cases. In this respect, Hon'ble Delhi High Court had observed that there needed to be a separation between the functions of review, and the disciplinary proceedings conducted thereafter, in respect of the cases where audit quality reviews had been conducted.

However, the Hon'ble Delhi High Court also included in its list of quashed cases, matters where no audit quality reviews had been conducted. Consequently, NFRA filed an appeal against the orders of the Hon'ble High Court in respect of such show cause notices quashed where no audit quality reviews had been conducted. The matter is still in the Hon'ble Supreme Court. Simultaneously, in

pursuance of the directions of the Hon'ble High Court, suitable amendments under Companies Act, 2013 are under consideration.

4.62 Regarding total number of cases booked under NFRA, the number of cases pending and the nature of punishment or penalty imposed, the Ministry submitted as under:

- (i) Till date, a total of 252 complaints/matters/suo moto have been received in NFRA. Out of these 139 matters have been disposed off (either disciplinary orders issued or closed or referred to other relevant organisations). Currently 113 are under process.
- (ii) The enforcement actions are in the form of either monetary penalty or debarment for a specific period or both.

The nature of penalty imposed is as per Section 132 (4) of Companies Act 2013, which provides for monetary penalty and/or debarment.

In the matters dealt with by NFRA, NFRA has undertaken debarment actions in 60 cases, wherein. 8 firms & 72 auditors have been debarred for varied durations.

4.63 On being asked about the total number of accounting standards currently in force, the corresponding number of international accounting standards, the extent of any gap between them, the reasons for non-alignment with international standards, and whether the 48 amendments were undertaken suo motu or after stakeholder consultation, the Ministry stated as under:

- (i) NFRA (India) is aligned with the international standards. As of 1st April 2025, there are 41 Indian Accounting Standards substantially converged with high-quality globally acceptable IFRS Accounting Standards, as per GOI policy in this regard (please refer to annexure 1 for details). Ind AS are mandatory for prescribed class of companies under Companies (Indian Accounting Standards) Rule 2015 (as amended from time to time). The comparative position of IFRS and Ind AS is as below:

IFRS Accounting Standards Effective 01/01/2025	No.	Ind AS Effective as on 01/04/2025	
With title 'International Accounting Standard (IAS)'	25	Ind AS (Ind AS series 1 – 100)	23*
International Financial Reporting Standard (IFRS)	16	Ind AS (Ind AS series 101 onwards)#	17
Total Standards	41	Total Standards (Refer Appendix 1 for the list)	40
<p>*Ind AS corresponding to IAS 26, <i>Accounting and Reporting by Retirement Benefit Plans</i> not considered relevant to companies in India, hence not issued. *IAS 39, <i>Financial Instruments: Recognition and Measurement</i>, which is valid for limited purpose of Hedge Accounting globally is not issued in India)</p> <p>#Ind AS 117, Insurance Contracts will continue alongside Ind AS 104 until the Insurance Entities transition to Ind AS Framework (Refer MCA Notification dated 28.09.2024 G.S.R. 602(E))</p>			

- (ii) All accounting standards recommended to MCA have been preceded by **mandatory public consultation** that was carried out by ICAI, before ICAI recommended these accounting standards to NFRA for its consideration. New accounting standards or amendments to accounting standards have been proposed by ICAI in response to revisions in corresponding international standards. Where felt necessary, NFRA also conducts its own stakeholder consultation. In respect of accounting standards, one such consultation was done before Ind AS 117 was recommended to MCA. At the time, NFRA had invited several insurance companies including LIC, and the regulator IRDAI, for their views on the new proposed Standard.

- (iii) The nature of amendments is enclosed as Annexure 1. These are amendments to existing standards or new Standards as per corresponding international standards. In a few instances, where there are departures from international provisions to suit Indian context, these are called carve-outs. As on date there are 10 carve outs, as also indicated in Annexure 1.

4.64 On being asked about the proposal of the National Financial Reporting Authority to deploy AI-powered solutions, and explainability of AI-driven decisions, the Ministry stated as under:.

The project is currently in the planning stage, through an innovation challenge organised by the Ministry of Electronics and IT, and NFRA will select only the most appropriate solution that satisfies the present requirements, data safety, security and explainability.

Current Assessment and Identified Challenges

The existing processes rely substantially on manual effort to assess non-compliances in statutory audits. Timelines can get extended due to the vast amounts of audit documentation involved, especially for large and complex entities. Current challenges also include a lack of standardisation in file formats (PDFs, images, Word, Excel) and the prevalence of non-machine-readable (scanned) documents. The AI-based solution is proposed to increase the efficiency of professional staff and to upskill/reskill NFRA personnel to keep pace with technological advances used by auditors and companies.

Enhancements via the Proposed AI System

The AI system is intended to augment timely detection and transparency through the following mechanisms: Using Optical Character Recognition to extract text, tables, and financial data from multi-format documents, making all content searchable and referenceable.

Transparency and Consistency:

An AI interface will communicate NFRA's stance or decisions taken in prior orders, ensuring findings and communications remain consistent across cases.

The engine is required to provide an explainable first-cut output indicating compliance or non-compliance with specific regulations.

Issuance of Disciplinary Actions:

An AI-powered validation engine will apply predefined criteria to identify initial gaps, inconsistencies, and non-compliance. These will be the inputs for any further action at NFRA.

Proposed Safeguards for Security, Accountability, and Explainability

While the exact nature of the solution will be determined by the winning innovation, the following requirements have been established.

Category	Safeguard Measures
Data Security	Implementation of SFTP-based secure transfers, on-premise installation, and encrypted storage systems for original documents. All participants must sign a Non-Disclosure Agreement (NDA).
Accountability	Solutions must adhere to Responsible AI Principles, including fairness, transparency, and accountability. The winning entity must provide manpower for support for at least two years post-go-live.
Explainability	The system must include an explainable basis for its outputs.
Technical Oversight	A Committee of experts in machine learning and auditing will rigorously assess submissions based on technical robustness and accuracy.

4.65 On being asked about the tangible improvements in audit quality since the formation of the National Financial Reporting Authority, and examples of regulatory actions that have strengthened audit standards, the Ministry stated as under:

NFRA’s audit quality inspections of the Big 5 audit firms (Deloitte, BSR & Co., SRBC&Co, PwC, Walker ChandioK) and others revealed non-compliance with provisions of section 144 of Companies Act 2013- regarding non-audit services. Section 144 deals with Auditor Independence- Independence of auditor being fundamental to the audit quality. If auditor is not independent of the audited entity, then conflict of interest arises resulting in compromised audit quality.

Provision of non-audit services by the auditor impacts independence of auditor. NFRA has so far (as on 31.1.2026), published 12 inspections reports.

As a follow-up of NFRA inspections, Top audit firms in India have stopped providing non-audit services to their audit clients, with KPMG affiliate BSR & Affiliates, and BDO affiliate MSKA & Associates being the latest to cease such engagements, thereby aligning with the National Financial Reporting Authority's (NFRA) strict stance on conflict-of interest issues.

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, and also as coverage of inspections by NFRA increases.

4.66 On being asked whether the National Financial Reporting Authority has identified sectors with significant audit quality concerns and the measures taken to address sector-specific auditing lapses, the Ministry stated as under:

No such sectoral Study or study has been undertaken so far. However, to enhance the effectiveness and improvements in audit quality across the country, the Government has notified 48 amendments to the Ind AS (Indian Accounting Standards) and 27 Accounting Standards for small and medium companies.

NFRA's orders have also provided learnings which have been disseminated by the profession. NFRA orders, issues and learnings therefrom have also been extensively covered in media. 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. ICAI has also published learnings from NFRA orders for benefit of the profession.

NFRA released 'Audit Practice Toolkit' documents on its website to enhance audit quality in India. The toolkit is intended towards promotion of awareness of

auditing and accounting standards and audit quality especially in support of small and medium audit firms/ practitioners.

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. The first batch and second batch of which stands concluded in May, 2025 and December, 2025 respectively. It is an ongoing capacity building initiative.

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.

4.67 On being asked about the follow-up mechanisms in place to ensure compliance with the orders of the National Financial Reporting Authority, and how corrective actions by audit firms or companies are monitored after regulatory intervention, the Ministry stated as under:

Rule 12 of NFRA Rules 2018 provides for manner of enforcement of orders passed in disciplinary proceedings. NFRA internally monitors whether penalty is paid or not or cases where 10 percent is paid in case the auditors preferred an appeal. However, NFRA does not have enabling provisions in law for any enforcement in cases where neither penalty is paid nor has the auditor preferred an appeal. So far as its audit quality inspections are concerned, follow up on previous inspections is monitored and followed up.

E. Competition Commission of India (CCI)

4.68 Competition Commission of India (CCI) is a statutory body established under the Competition Act, 2002 to enforce the legislative mandate of the Act. Section 51(1) of the Act provides for a Competition Fund from which all monies are spent for the salaries and allowances payable to the Chairperson & members of the CCI, DG-CCI and other employees of the CCI and o/o DG-CCI; the administrative expenses of the Commission in connection with the discharge of its functions.

4.69 The Fund has three components:-

(a) All Government grants received by the Commission;

- (b) The fees received under the Act;
- (c) The interest accrued on the amounts referred to above; and
- (d) All sums received by the Commission from such other sources as may be decided upon by the Government.

(Brief Summary page 8)

4.70 Details of the budgetary allocation for the Competition Commission of India, showing Budget Estimates (BE), Revised Estimates (RE), and actual expenditure for the last five financial years, including 2025-26, along with the corresponding year-on-year percentage changes.

Year	BE	BE % change	RE	RE % change	Given by MCA	Actuals	Actuals % change
2020-21	66.00	-17.39	46.15	-16.83	46.15	68.79	25.21
2021-22	46.00	-30.30	46.00	-0.33	46.00	55.24	-19.70
2022-23	46.00	0.00	47.02	2.22	47.02	71.28	29.04
2023-24	51.00	10.87	49.98	6.30	49.98	69.62	-2.33
2024-25	51.00	0.00	51.00	2.04	51.00	67.00	-3.76
2025-26	54.21	6.29	54.63	7.12	40.65*	48.92	-26.99
2026-27	54.20						

(Exp. upto January 2026)

*The proposal for release of the remaining Grants-in-Aids amounting to Rs. 13.98 crore to CCI for meeting the expenditure of the 4th Quarter of FY 2025-26 is under process.

#The expenditure over and above the grants-in-aid are met out of Internal accumulated resources forming part of Competition Fund

4.71 Regarding the reasons for the variation in BE, RE and actual expenditure, the Ministry stated as under:

Financial Year	Actual Expenditure % Change	Reasons for Variations

2020-21	25.21	Due to payment of Stamp Duty and Registration Charges for Office Space at East Kidwai Nagar
2021-22	-19.70	The reduction is mainly due there being no expenditure on creation of Capital Assets , in comparison to previous year
2022-23	29.04	The increase in the expenditure was mainly due to revision of Common Area Maintenance Charges, Travel expenses after COVID years, dawn raids, revision in the remuneration of Young Professionals, Legal expenses
2023-24	-2.33	Variation being less than 10% is normal in nature.
2024-25	-3.76	Variation being less than 10% is normal in nature.
2025-26*	-26.99	The position would be known by the end of the current Financial Year

*Upto January 2026

4.72 Expenditure incurred on administrative and technology costs:

Financial Year	Administrative Expenses	Modernisation, computerisation and Networking (MCN)/Technology	Total
2020-21	24.49	1.58	26.07
2021-22	24.00	0.40	24.40
2022-23	34.73	2.37	37.10
2023-24	32.49	0.92	33.41
2024-25	29.79	1.07	30.86
2025-26	19.70	0.54	20.24

(Expense Figures upto January 2026)

Percentage of the budget used for advocacy and awareness

Financial Year	Grants in Aid	RE Proposed	Advocacy Programmes by SRPs	Moot Court	Total	Exp. % on Advocacy & Awareness*
2020-21	General	28.63	0.48	-	0.48	1.68
2021-22	General	31.22	0.50	-	0.50	1.60
2022-23	General	38.25	0.58	0.08	0.66	1.73

2023-24	General	44.45	0.58	0.09	0.67	1.51
2024-25	General	39.70	0.48	0.08	0.56	1.41
2025-26	General	59.75	0.22	0.02	0.24	0.40

*Advocacy Programmes and moot court competition (Exp. upto January 2026)

4.73 Regarding Grants-in-Aid received by CCI the Ministry stated that Grants-in-Aid released by the Ministry is commensurate with the CCI's budgetary requirement considering the internal resources available with CCI. The CCI collects fees from regulatory filings and gets income from interest. Details of allocation of funds for Competition Commission of India (CCI), CCI's income from fees & interest and the expenditure incurred are as below:

Year	Grants Released by the Ministry	CCI's income from Fees and Interest	Expenditure
2020-21	46.15	27.05	68.80
2021-22	46.00	28.25	55.24
2022-23	47.02	29.65	71.29
2023-24	49.98	34.54	69.62
2024-25	51.00	56.30	67
2025-26	40.65	35.11*	43.89

*Interest not included (upto 31.12.2025) (upto 31.12.2025)

The Ministry further stated that CCI has received sufficient Grants-in-Aid from Ministry to effectively execute its mandate.

4.74 Regarding the issue Whether staffing and research capabilities have been affected by funding limits, the Ministry stated that CCI has received sufficient Grants-in-Aid from Ministry to effectively execute its mandate.

4.75 With regard to overall pendency of cases with the CCI alongwith the reasons thereon during the last three years, the Ministry in its written reply has stated as under:

a) Overall pendency of cases with CCI in the last three years (Combination)

		2022-23	2023-24	2024-25	2025-26 (As on 31.01.26)

Notice	(a) Opening Balance	08	08	19	20
	(b) Received/ Suo Motu	99	112	139	113
	(c) Total [(a)+(b)]	107	120	158	133
Disposal	(d) Approved/ disposed*	99	101	138	112
	(e) Closing Balance [(c)-(d)]	08	19	20	21

*including carry-forward cases from previous year

(b) Overall pendency of cases with CCI in the last three years (U/s 3 & 4)

	2022-23	2023-24	2024-25	2025-26 (As on 31.01.26)
(a) Opening Balance	124	118	134	123
(b) Received	42	50	37	46
(c) Total [(a)+(b)]	166	168	171	169
(d) Decided *	48	34	48	39
(e) Cases pending [(c)-(d)]	118	134	123	130

*including carry-forward cases from previous year

As on 31.01.2026, the number of anti-trust cases pending are 130. The breakup of the pending cases are as follows

- i. 33 Cases are under consideration before the Commission at initial stage (Prima Facie).
- ii. 30 Cases are under investigation by the DG, CCI.
- iii. 37 Cases are under consideration before the Commission after receipt of report from DG, CCI.
- iv. 30 Cases are pending due to stay by various Courts/Court proceedings.

(c) Reasons for pendency :

The inquiry and investigation process of deciding anti-trust cases in the Commission is a detailed one. It encompasses multiple steps, with the requirement of meeting the principles of natural justice.

Post receipt or *suo motu* cognizance of an anti-trust case, the Commission is required to form a *prima facie* view in the matter. This involves careful study of the information, document(s) and evidence available on record, seeking of

comments from the parties and preliminary conference with the parties, if considered necessary. The Hon'ble Courts have observed that the *prima facie* order passed by the Commission should be a reasoned one so proper application of mind is required. Thereafter, the Commission forms a *prima facie* view. Where *prima facie* case of contravention is made out, the matter is referred to the Director General ('DG') for investigation. During the investigation, need-based search and seizure operations are undertaken, evidence is collected by recording of statements on oath of relevant individuals, *etc.* During this process, the parties seek extensions of time, opportunities for conducting cross-examination, claim confidentiality, *etc.* Thereafter, the DG analyses the data and records his findings.

Upon receipt of investigation report, as per Section 26 of the Competition Act read with Regulation 22 of the Competition Commission of India (General) Regulations, 2024, the Commission considers the investigation report as to its completeness, invites objections/suggestions of the parties, creates confidentiality ring to allow access to confidential documents/ data wherever required, orders supplementary investigation wherever required, allows inspection(s) as well as grants certified copies of case records, processes settlement applications (if any), provides opportunity of oral hearing to the parties, collates relevant financial data for computation of penalty, *etc.* and passes final order.

In some matters, the Commission is restrained by Hon'ble Courts of law from proceeding further. It may be seen from para (a) table above that no. of combination cases decided by CCI are increased from 99 in FY 2022-23 to 138 in FY 2024-25. It may also be submitted that no. of cases pending before the Courts are decreased from 42 in FY 2024-25 to 30 in FY 2025-26.

CCI is continuously taking appropriate steps to bring down the pendency by clubbing the cases involving similar issues for efficient and expeditious disposal and filing the applications for vacation of stays and for early hearing in judicial courts.

4.76 Regarding the current status of the draft Digital Competition Bill, the Ministry stated as under:

Based on the recommendations of the Parliamentary Standing Committee on Finance in its Fifty-Third Report on "Anti- Competitive Practices by Big-Tech Companies," the Ministry of Corporate Affairs (MCA) constituted the Committee on Digital Competition Law (CDCL) to examine the need for an ex-ante regulatory framework.

The Committee submitted its report along with the draft Digital Competition Bill in February 2024, which was subsequently placed for public consultation. More than 100 stakeholders-including industry bodies, legal experts, civil society organisations, and domestic and global digital enterprises-submitted feedback, all of which has been duly examined.

Based on the feedback, the Government decided to adopt an evidence-based approach before finalizing the legislation. Accordingly, the Ministry has initiated a Market Study to determine appropriate qualitative and quantitative thresholds for identifying Big Tech companies and Core Digital Services. The outcomes of this study will guide the development of a balanced, forward-looking digital competition framework that fosters innovation while ensuring fairness and competitive neutrality in digital markets.

Accordingly, a Request for Proposal (RFP) had been floated on GeM portal and uploaded on MCA website to select a qualified agency or institution to conduct the study. The award of contract for carrying out the Market Study is in final stage.

4.77 On being asked that, despite multiple recruitment drives, the Competition Commission of India is functioning with only 113 of 195 sanctioned posts filled, and how the Ministry of Corporate Affairs proposes to address staffing gaps and expedite cadre restructuring—particularly in view of the expanded mandate under the Competition Act, 2002 and emerging challenges in digital markets and data analytics, the Ministry, in its written reply, stated as under:

Currently, in CCI, 117 out of 195 sanctioned posts are filled. Recognizing this gap, CCI has undertaken proactive recruitment measures. This includes a total

of seven deputation recruitment drives over the past three years, out of which three were specifically aimed at strengthening its investigative arm i.e. O/o Director General.

Further, Ministry expeditiously processes the deputation extension requests of officers posted in CCI in order to fill the persistent staffing gaps in CCI.

To bridge short-term staffing limitations, CCI engages **Young Professionals and domain experts, on contractual basis**, through a merit-based selection process to provide specialized support in digital markets, data analytics and algorithmic design. Furthermore, CCI has initiated **capacity-building programs** with industry experts, academia and global regulators to enhance its understanding of emerging competition challenges like algorithmic competition, self-preferencing and data monopolization. The CCI also maintains active coordination with other regulators on a need basis to leverage sector-specific expertise.

During the process of finalisation of cadre restructuring proposal, CCI has suggested some changes recently and the same is under consideration in the MCA

4.78 On being asked about the adequacy of the capacity of the Competition Commission of India to address the growing complexities and concentration in digital markets, the Ministry, in its written reply, stated as under:

Through its enforcement actions against anti-competitive practices, regulation of mergers and advocacy initiatives across sectors including digital markets, CCI ensures that markets remain competitive and contestable.

Keeping in view the unique characteristics, complexities, dynamic nature, novel challenges and competition concerns that new age markets may pose, the law is implemented to retain incentives to innovate and grow while addressing anti-competitive practices.

Further, to supplement, under its advocacy mandate, CCI also engages with stakeholders to create awareness, build a culture of competition law

compliance, so as to maintain healthy market competition, in line with the overarching objective of the Competition Act, 2002.

To augment its capacity, the Digital Markets Division (DMD) has been established in CCI to assist the Commission in matters relating to digital markets, including those involving data-intensive and technology-enabled business models. It is staffed with economists and data analysts possessing expertise in the economics of digital markets, data science, and information and communication technologies relevant to the design and functioning of digital markets.

4.79 On being asked what measures the Competition Commission of India proposes to address sectors of the Indian economy that have evolved into duopolistic market structures, the Ministry, in its written reply, stated as under:

The Commission examines anti-competitive practices across sectors including those characterised by duopolies on case-by-case basis as per the provisions of the Competition Act.

Further, CCI conducts market studies from time to time to develop a better understanding of competitive conditions within one or more sectors. These studies allow the Commission to gauge market developments, track evolving competition dynamics, understand specific business practices and analyse implications for competition arising from structural features including monopoly/ duopoly situations.

4.80 When the Committee desired to know whether the Ministry, in consultation with the Competition Commission of India, has assessed risks of structural dominance arising from control over data, computing infrastructure and algorithms, the Ministry stated as under:

CCI conducts various market studies from time to time to understand competitive dynamics, identify anti-competitive practices and ensure fair trade in specific sectors.

Recently a Market Study on AI and Competition was undertaken by CCI to understand key AI system and markets/ecosystems including stakeholders, essential inputs/ resources, value chains, market structures and competition parameters; examine emerging competition issues; assess AI applications, opportunities, risks and ramification; understand regulatory/ legal frameworks in India and other major jurisdictions; and ascertain the Commission's enforcement and advocacy priorities.

The Study identified key competition concerns including concentration in the AI value chain due to high upfront costs and access to data and talent; ecosystem lock-in and switching costs, risks of algorithmic collusion through AI-driven pricing algorithms and automated business decisions; self-preferencing across the AI tech stack and AI-enabled price discrimination through use of consumer data.

To promote a competitive AI ecosystem in India and protect consumer welfare, the findings include self-audit of AI systems for competition compliance by businesses; improved transparency and reducing of information asymmetry; focused advocacy and capacity building by CCI; continuation of Government policy initiatives; and inter-regulatory coordination and international cooperation.

The Ministry of Electronics and Information Technology (MeitY) plays a fundamental role in managing and regulating data for India's digital economy. Its responsibilities span from policy formulation regarding data privacy to infrastructure development for data storage, securing cyberspace, and promoting data-driven technologies like AI. The Ministry of Electronics and Information Technology (MeitY) has implemented key provisions of the Digital Personal Data Protection (DPDP) Act, 2023, by notifying the DPDP Rules, 2025, on November 14, 2025.

4.81 On being asked whether the Competition Commission of India is examining monopolistic tendencies in the economy and the measures proposed to better regulate and curb such practices, the Ministry, in its written reply, stated as under:

The enforcement framework of CCI enables it look into matters relating to abuse of dominant position by enterprises under Section 4 of the Competition Act, 2002. Since its inception, CCI has issued various orders against firms viz. MakeMyTrip India Pvt. Ltd. Google, BookMyShow, WhatsApp/Facebook (Meta) etc. that were found to have abused their dominant position and imposed penalties besides prescribing other remedies to address anti-competitive conduct.

F. Registrar of Companies (RoCs) & Regional Directors

4.82 Registrar of Companies (RoCs) are appointed under Section 396 of the Companies Act, 2013. The RoCs, other than Registrar of Central Central Registration Centre (CRC), Centre for Processing Accelerated Corporate Exit (CPACE), Central Scrutiny Centre (CSC) and Central Processing Centre (CPC), continue to have jurisdiction over the companies incorporated by CRC under the Act for all other provisions of the Act and the Rules made thereunder, which may be relevant after incorporation. The Central Government exercises administrative control over these offices through the respective RDs.

4.83 The Regional Directors (RDs) supervise the working of the offices of the Registrar of Companies (RoCs) and Official Liquidators (OLs) located in their respective jurisdictions. They also maintain liaison between the respective State Governments and the Central Government on the matters relating to the administration of the Acts. The RDs serve as an intermediate administrative level between the Ministry and the field offices of the RoCs, RoCs-cum-OLs and OLs. The RDs also report to the Government on certain issues especially on the activities and operations of the companies. Additionally, the RDs have been delegated powers of the Ministry to discharge functions under certain provisions of the Companies Act.

4.84 On being asked about the year-wise funds allocated to the Registrars of Companies and Regional Directors over the past five years, the amount utilised, and the corresponding utilisation percentage, the Ministry, in its written reply, stated as under:

RDs

Rs. in Cr.

Year	BE	RE	AE	AE compared to BE in %
2021-22	31.51	32.77	34.0174	107.96%
2022-23	35.47	39.64	37.4377	105.55%
2023-24	40.11	36.3406	34.3366	85.61%
2024-25	38.82	37.4729	33.5984	86.54%
2025-26	37.60	45.0918	29.42	78.24%
2026-27	43.69	-	-	-

RoCs

Rs. in Cr.

Year	BE	RE	AE	AE compared to BE in %
2021-22	65.77	66.46	62.98	95.76%
2022-23	70.27	74.36	68.84	97.97%
2023-24	77.86	75.88	68.94	88.55%
2024-25	77.35	80.27	76.16	98.47%
2025-26	78.19	99.17	71.42	91.35%
2026-27	101.91	-	-	-

4.85 When asked about the details of expenditure incurred separately on manpower, infrastructure, and technology, the Ministry, in its written reply, stated that for the current financial year i.e. FY 2025-26, expenditure on administrative costs (revenue expenditure) is Rs. 43.82 Crores.

4.86 In response to the question whether the Ministry has faced any operational, administrative, or capacity-related challenges in the functioning of Registrars of Companies and Regional Directors across the country, including issues of manpower, infrastructure, workload, adjudication timelines and IT systems, and the steps taken or proposed to address them, the Ministry, in its written reply, stated as under:

The cadre review of ICLS was done in 2024 with addition of 69 posts. Some posts are lying vacant since the newly created posts were to be filled up in a phased manner as per DoP&T's direction.

The available resources in terms of manpower have been used to the best extent possible. The work relating to automation of RDs/ROCs forms, adjudication and enforcement upgradation have been planned and accordingly funds in the concerned Object Heads have been asked for.

4.87 The Committee desired to know in view of KYC filings being required only once every three years, what assessment has been made of the impact on monitoring and enforcement functions of the Registrars of Companies, and whether any reallocation of funds or manpower is proposed under the Demands for Grants to strengthen scrutiny of change-based filings (to be reported within 30 days), the Ministry, in its written reply, stated as under:

The enforcement functions are proposed to be strengthened by setting up a Forensic Open-Source Intelligence and Corporate Intelligence Laboratory (FOCUS Lab) at CSC, Manesar whose object will be to provide timely, evidence-backed, officer-reviewed network-intelligence outputs (including risk-based watch- lists and standardized FOCUS Risk Briefs) as a thin analytical/ forensic triage layer over existing registry & scrutiny systems, to support competent authorities in risk-based prioritization and case scoping.

4.88 On being asked whether reduced periodic KYC filings may increase risks of shell companies and misuse of corporate structures, the Ministry, in its written reply, stated as under:

The enforcement functions have been further strengthened by establishing two new Regional Directorates at Bengaluru, Chandigarh and bifurcating the existing Regional Directorate Mumbai into two, i.e. RD-I, RD-II Mumbai.

Similarly, six new ROCs offices have been set up at NOIDA, Delhi, Kolkata, Nagpur, Chandigarh and Mumbai by carving out from the existing ROCs.

In addition to this, a FOCUS Lab is proposed to be established at CSC, Manesar to keep watch on compliance and computer-based scrutiny through red-flag indicators, developed in MCA21 portal.

4.89 in response to the question as to why only 66.5 per cent of registered companies are currently active, the status of the remaining companies, and the steps taken to improve this ratio, the Ministry, in its written reply, stated as under:

The status of the companies other than active is detailed below:

STATUS	COUNT
Active (66.5%)	2053384

Strike Off	891288
Amalgamated	39421
Converted to LLP	28652
Under process of striking off	24283
Dissolved (Liquidated)	13488
Under Liquidation	8518
Inactive for e-filing	8462
Dormant under section 455	2569
Under CIRP	1908
Strike Off-Awaiting Publication	20
Vanished	1
Total companies	3071994

Web based filings with built in validations have ensured compliance at filing stage itself. MCA and stakeholders now have access to better data thereby reducing compliance cost.

The MCA21 Version 3 project was awarded to M/s LTIM at a total cost of ₹639 crore, comprising CAPEX of ₹160 crore, OPEX of ₹454 crore, and Change Management costs of ₹25 crore, for a contract period of 78 months, from 1 January 2020 to September 2026. There is no continuous rise in operational cost of expenditure on MCA21 project as per the approved project outlay.

4.90 On being asked whether the handling of around 3.16 lakh tickets under MCA21 during FY 2025–26 (up to 31.01.2026) indicates systemic deficiencies in portal design or rollout, and what accountability mechanisms exist to address root causes, recurring technical issues and disruptions to statutory filings, the Ministry, in its written reply, stated as under:

The number of tickets raised in 2024-25 and 2025-26(Upto Jan 26) are detailed below:

Period	Number of Tickets	% Resolution	Total Filing
2024-25	5.78 Lakh	94%	87.79 Lakh
2025-26(Upto Jan 2026)	3.16 Lakh	98%	86.99 Lakh

The number of filing done is significantly higher in for the year 2024-25, 2025-26 (upto January 2026). The ticket to filing ratio for this period is about 5% (implying that for every 100 filing only 5 tickets are raised) which indicates the stability of the system. The above figure includes all type of tickets including queries. The Ministry with the support of the service provider and PMU does regular root cause analysis for repetitive issues to enable provision of permanent solutions. ICSI and ICAI teams also help identify repetitive issues or concerns raised by the stakeholders.

No rejection of the filing are done due to technical validation errors. Once the user raises the ticket regarding the validation failure, call centre and helpdesk team provide the assistance to user and providing the timely resolution of the ticket.

Post payment, the SRNs get cancelled when stakeholder does not resubmit the Form sent for resubmission within the prescribed time limit. The details of SRNs are as under: -

Financial Year	Counts of SRNs
FY 2023-24	79,420
FY 2024-25	73,872
FY 2025-26	47,309

These cancellations are done at the end of stakeholders not due to technical errors in the system. The Ministry is working on the next version of MCA21 in which the Ministry would explore the feasibility of seamless refunds.

4.91 The number of companies which failed to file financial statements and annual returns in the past two years and the penalties imposed and recovered, are as follows:

Financial Year	Number of Companies failed to file Financial Statement	Number of Companies failed to file Annual Return	Penalty levied on defaulting companies for non-filing of Financial Statement and Annual Return (Rs.)	Penalty paid by the companies (Rs.)

2023-24	751604	763830	7973100	163350
2024-25	580541	580688	5183650	157300

Where the Companies failed to pay the penalties imposed by the RoC/RD under Section 454 of the Companies Act 2013, the RoC initiates prosecution against the companies under provisions of the Act for non-payment of penalty. A large number of prosecution cases for previous years are pending in courts for final disposal with fine to be imposed by the Hon'ble Courts.

The Ministry is pursuing the cases before the Courts on regular basis and has also brought Company Law Settlement Scheme, 2014 and Companies Fresh start Scheme 2020 to settle the pending cases by the stakeholders in the past. To improve the compliance rate, the Ministry has recently issued vide circular dated 24.02.2026 the Companies Compliance Facilitation Scheme, 2026 effective from 15 April 2026 to 15 July 2026. The Scheme provides a one-time opportunity for defaulting companies to complete pending annual filings by paying only 10% of the additional fees otherwise payable under Section 403 of the Companies Act, 2013, which currently attracts ₹100 per day without an upper limit.

The penalty amount is received in the Consolidated fund of India.

4.92 With regard to the adjudication of penalties by the Registrars of Companies (ROCs), the Ministry, in its presentation, provided the following details

S. No.	Number of Adjudication cases pending as on 01.04.2025	Number of cases in which adjudication proceedings initiated during 01.04.2025 to 31.12.2025	Number of cases disposed off during 01.04.2025 to 31.12.2025	Penalty imposed during 01.04.2025 to 31.12.2025 (amount in Rs.)	Penalty received during 01.04.2025 to 31.12.2025 (amount in Rs.)	Number of cases pending as on 31.12.2025
(1)	(2)	(3)	(4)	(5)	(6)	(7)= (2+3-4)

1	394	593	503	26,00,21,319	2,72,74,431	484
---	-----	-----	-----	--------------	-------------	-----

4.93 With regard to the Enforcement functions of 3Is (Inquiries, Inspection and Investigation) in field offices, the Ministry, in its presentation, provided the following details

Enforcement functions of 3Is (Inquiries, Inspection and Investigation) in field offices.

	Pendency as on 01.04.2022	Pendency as on 01.04.2023	Pendency as on 01.04.2024	Pendency as on 01.04.2025	Pendency as on 31.12.2025
Inquiry	2533	1346	509	505	456
Inspection	617	258	230	221	251
Investigation	89	68	62	80	153
Total	3239	1672	801	806	860

F. Serious Fraud Investigation Office (SFIO)

4.94 SFIO is a Statutory Body. It is a multi-disciplinary organization under the Ministry, of experts in the fields of accountancy, forensic auditing, law, information technology, investigation, company law, capital market, banking and taxation, etc., for detecting and prosecuting or recommending for prosecution white collar crimes/frauds. The Headquarter of SFIO is at New Delhi, and it has five Regional Offices at Mumbai, New Delhi, Chennai, Hyderabad, and Kolkata.

Investigation into the affairs of a company is assigned to SFIO, where Government is of the opinion that it is necessary to investigate into the affairs of a company:

- (i) On receipt of a report of the Registrar or inspector under Section 208 of the Companies Act, 2013;
- (ii) On intimation of a special resolution passed by a company that its affairs are required to be investigated;

- (iii) In the public interest; or
- (iv) On request from any department of the Central Government or a State Government. (annual report)

4.95 Funds allocated under SFIO under Revenue Budget Head

(₹ in crore)

(Rs. in Crore)

Year	BE	BE % change	RE	RE % change	Actuals	Actuals % change
2021-22	29.23	27%	36.13	33%	37.01	33%
2022-23	40.14	37%	40.99	13%	38.91	5%
2023-24	59.12	47%	45.94	12%	45.65	17%
2024-25	44.60	-25%	52.01	13%	51.61	13%
2025-26	55.86	25%	55.58	7%	47.47*	**
2025-26	59.50					

*[Expenditure for FY 2025-26 is upto 10.02.2026 and by the end of FY, the expenditure will increase]

Note: % of budget for Year 2021-22 is based on Year 2020-21 in which BE was Rs. 23.05 Crore, RE was 27.14 Crore and Actual expenditure was Rs. 27.80 Crore.

4.96 Explaining the reasons for the upward revision of allocation in 2025-26 compared to previous year 2024-25, the Ministry in a written reply stated that the change/ increase in the budget were due to increase in strength of officers/ officials/ outsourced personnel and related expenses involved in transaction of the core activities of SFIO. Major heads of increasing expenditure are Rent of Office premises, Communication & Technology Expenses, Professional Services and Information and Salaries and Allowances.

4.97 In response to the details regarding the expenditure on administrative and technology costs, and the funds earmarked for forensic audits, digital investigations and hiring of experts, the Ministry, in its written reply, stated as under:

For the current financial year i.e. FY 2025-26, expenditure on administrative costs (revenue expenditure) is Rs. 43.82 Crores and technology cost is Rs. 3.65 Crores till 12.02.2026.

Out of the total RE of Rs. 55.58 Crores, Rs. 9.00 Crores is earmarked for forensic audits and hiring of experts. Additionally, Rs. 4.67 Crores is earmarked for digital forensic tools/servers for Computer Forensic Data Mining Lab (CFDML).

4.98 Regarding the average cost of investigation per case and how has it changed over five years, the Ministry stated as under:

The budget allocation and expenditure by SFIO is given in the above table and funds are utilized for administrative and technical purposes, including manpower, forensic and technical support, prosecution-related expenses, and other operational requirements.

Investigations undertaken by SFIO are complex and time consuming in nature and SFIO handles number of investigations simultaneously during a particular financial year. The expenditure is incurred on consolidated basis and not earmarked on a case-wise basis to determine the average cost. Given these inherent variations and the consolidated nature of budget utilization, expenditure cannot be attributed to individual cases in a standardized manner. Consequently, it is not feasible to compute or reliably determine an “average cost per investigation case,” nor to assess trends in such average cost over the past five years.

4.99 Details of cases assigned, report submitted & pendency for last five years:-

Year	Opening Cases (A)	New Cases Assigned (B)	Total cases (C) = A+B	Total Reports Submitted (D)				Closing Balance of cases (F) = C – X
				Main Reports/ Cases completed (X)	Suppl./ other reports (Y)	Total (X+Y)	Companies involved (E)	
2021-22	94	14	108	13	-	13	29	95
2022-23	95	7	102	19	10	29	141	83
2023-24	83	5	88	18	22	40	322	70

2024-25	70	13	83	22	7	29	155	61
2025-26 *	61	33	94	23	-	23	83	71

*as on 10.02.2026

Detail of cases successfully prosecuted till 10.02.2026 are as under:

No. of complaints filed	No. of complaints disposed	No. of complaints conviction secured out of disposed of cases	Successfully prosecuted (Percentage)
1315	553	381	68.89%

Conviction includes compounding and fine.

Generally, SFIO is assigned cases involving multifaceted complex financial frauds. The investigation reports submitted by SFIO are quite detailed and voluminous having large number of supporting documents attached as annexures. The average time taken by Hon'ble Courts for completion of trial normally takes several years. However, efforts are made to expeditiously take up cases in court for prosecution.

4.100 On being asked about the institutional safeguards and accountability mechanisms to minimise the risk of erroneous action against individuals, and whether any time-bound review and remedial framework exists in cases of procedurally deficient investigations, the Ministry, in its written reply, stated as under:

Based on material evidence and fraud amount analysis, measures such as freezing bank accounts are taken by Central Government by authorising SFIO to file petitions before NCLT under Section 241, 242, 246 read with Section 339 of the Companies Act, 2013. It is pertinent to point out that these applications are decided by the competent judicial authorities. Affected parties are given a fair opportunity to be heard and may seek modification or vacation of interim orders, ensuring that adequate review and remedial mechanisms are available, if any procedural deficiency is alleged. Within SFIO, additional safeguards exist to ensure fairness and accountability by forming an Internal Summon Committee and Peer Review Group which scrutinises the investigation findings before submission of the Investigation report. Once the Investigation Report is approved by the Central Government, the investigative role of SFIO concludes,

and the matter thereafter proceeds before the appropriate judicial forum/
Courts. No adverse observations regarding procedural lapses have been
pointed out by the competent judicial authorities.

PART II

OBSERVATIONS/RECOMMENDATIONS

BUDGETARY ALLOCATION AND UTILIZATION

1. The Committee note that the Ministry of Corporate Affairs for the financial year 2026-27 has been allocated Rs. 5,561.86 crore against a projected requirement of Rs. 7,418.13 crore, comprising Rs. 5,506.24 crore under Revenue Head and Rs. 55.62 crore under Capital Head.

The Committee observe significant volatility in budgetary allocations during the last three financial years. The total Budget Estimate increased from Rs. 756.19 crore in 2023-24 to Rs. 2,667.10 crore in 2024-25 and further to Rs. 11,561.19 crore in 2025-26, before being reduced sharply at the Revised Estimate stage. In 2024-25, the BE of Rs. 2,667.10 crore was reduced to Rs. 1,078.40 crore at RE stage and the actual expenditure was only Rs. 679.92 crore, which is 25.49% of BE and 63.05% of RE. In 2025-26, the BE of Rs. 11,561.19 crore was reduced drastically at RE stage to Rs. 1,137.24 crore, with actual expenditure of Rs. 705.33 crore as on 09.02.2026. The Committee are concerned that such wide divergence between BE, RE and actual expenditure reflects issues in realistic budgeting, forecasting and expenditure planning.

The Committee further observe that substantial funds have been surrendered during the last five years, particularly Rs. 1,983.30 crore in 2024-25 and Rs. 10,755.86 crore in 2025-26. The major reasons cited include delay in approvals, non-fulfilment of milestones by service providers, delayed submission of bills and lower uptake under the PMIS Scheme. The Committee note that repeated instances of surrender and as many as 29 cases of re-appropriation in 2024-25 indicate weaknesses in internal financial control and planning mechanisms.

The Committee also observe a steep increase under Object Head "Professional Services" from Rs. 48.73 crore in 2024-25 (Actual) to Rs. 289.12 crore proposed in BE 2026-27, primarily to clear accumulated liabilities under the MCA-21 project. Similarly, Rs. 1,220 crore has been proposed under "Buildings and Structures" for acquisition of office space, though the proposal has not yet materialised. The Committee are of the view that inclusion of large capital

provisions without due diligence and final approvals results in distortion of budgetary projections.

The Committee further note that a supplementary demand of Rs. 7,548.19 crore was sought in 2025-26, largely on account of transfer to the Investor Education and Protection Fund, pursuant to audit observations regarding short transfer of funds. The Committee are of the opinion that such substantial supplementary provisions and audit-related adjustments point towards the need for stronger financial oversight and compliance systems.

The Committee are of the considered view that mere allocation of funds is not sufficient to ensure effective implementation of schemes. Realistic estimation of expenditure, strict adherence to project milestones, timely administrative approvals and strengthened contract management are essential for improving budget credibility. The Committee, therefore, recommend that the Ministry put in place a robust expenditure forecasting mechanism, strengthen monitoring of major digital and infrastructure projects, and institutionalise quarterly outcome-based reviews to minimise surrenders and avoid large-scale revisions at the RE stage. The Ministry may also furnish to the Committee a comprehensive action plan to enhance efficiency, transparency and accountability in financial management.

2. Prime Minister Internship Scheme

The Committee acknowledge the encouraging response from industry under the Prime Minister Internship Scheme (PMIS), with more than 2.45 lakh internship opportunities posted across two rounds of the pilot phase and participation of over 350 companies. However, the Committee observe that actual outcomes in terms of intern joining, completion and fund utilisation remain substantially below projections. Against the large number of opportunities created, only 16,060 candidates joined internships across both rounds, and the dropout rate in Round I was as high as 53.6 per cent. The Committee further note the significant divergence between Budget Estimates, Revised Estimates and Actual Expenditure, particularly in FY 2024–25 where, against a BE of ₹2000 crore and RE of ₹380 crore, the actual expenditure was only ₹29.29 crore,

indicating overestimation of absorptive capacity and slower-than-anticipated implementation.

The Committee take note of the reasons furnished by the Ministry for the limited uptake and high dropouts, including location constraints with candidates preferring opportunities within a 5–10 km radius; the relatively long internship duration of 12 months; lack of interest in certain roles; inadequacy of the monthly allowance to meet living and mobility expenses, particularly for candidates required to travel or relocate; high discontinuation immediately after disbursement of the one-time ₹6,000 assistance; delays in stipend disbursement due to Aadhaar seeding and eligibility marking issues; low awareness and limited acceptance of internships among non-professional youth; restrictive age and qualification criteria; and absence of fully institutionalised State-level mechanisms for mobilisation and retention. The Committee also note the Ministry's limited regional presence, with only 7 Regional Director offices and 25 RoC offices, constraining field-level coordination and monitoring. The Committee further observe the need to address gender variation in participation and retention, as mobility, safety and relocation challenges may disproportionately affect female candidates.

To address these issues, the Committee recommend that:–

(i) The Ministry is urged to relax the eligibility condition relating to the existing age restriction and suitably broaden it to enable wider inclusion of eligible youth, including recent Class 10, 12, ITI and diploma pass-outs, as well as those seeking employment at a later stage due to educational or socio-economic reasons.

(ii) The monthly stipend be enhanced keeping in view prevailing living costs, and that a graded support mechanism including travel, relocation or accommodation assistance particularly for women candidates and those from rural or remote areas be introduced to improve retention.

(iii) The internship duration be reviewed and flexible or modular options be considered to reduce dropouts and improve completion rates.

(iv) Gender-disaggregated data on registration, joining, completion and dropout rates be systematically monitored and published, and targeted interventions such as safe accommodation tie-ups, transport facilitation and district-level clustering of opportunities be instituted to strengthen female participation.

(v) Budget projections be aligned with realistic uptake capacity and phased roll-out plans to minimise substantial revisions and under-utilisation of funds.

(vi) A robust system for tracking post-internship outcomes at regular intervals be established to assess employability impact before scaling up the main scheme.

(vii) Given the Ministry's limited regional presence, the Committee recommend establishment of dedicated PMIS cells at the regional level, closer coordination with State Nodal Officers, and deployment of field-level coordinators to strengthen implementation. Structured awareness campaigns, particularly in smaller towns and rural areas, should be institutionalised to improve outreach and participation, supported by periodic field reviews and effective monitoring mechanisms.

The Committee desire that the Ministry undertake a comprehensive recalibration of the Scheme based on the learnings of the pilot phase and furnish a detailed, time-bound action plan incorporating the above measures along with measurable performance indicators prior to full-scale implementation.

Insolvency and Bankruptcy Code

3.Strengthening Institutional Capacity and Financial Sustainability under IBC

The Committee observe that against 78 sanctioned posts in the IBBI, only 33 personnel are presently in position, leaving 45 vacancies, even as the Board supervises 4,513 registered IPs, 127 IPEs, and 3,719 ongoing assignments, besides administering 18 principal regulations and 118 amendments issued since 2016. The Committee further note that IBBI has not availed grant-in-aid

since FY 2024–25 and has been sustaining itself through internal resources, with budgetary allocation declining from ₹39 crore (BE 2021–22) to ₹0.03 crore (BE 2025–26 and 2026–27). While financial self-sufficiency is acknowledged, the Committee are concerned that significant manpower shortages coupled with a sharply reduced budgetary allocation may constrain supervisory oversight, enforcement, data analytics and policy responsiveness. The Committee, therefore, recommend that the Ministry undertake a comprehensive review of the Board’s financial and human resource requirements, ensure timely filling of vacancies, strengthen specialised and analytical capacity, and provide assured and adequate budgetary support so that regulatory independence and institutional effectiveness are not compromised.

4. Institutionalising a Formal Regulatory Impact Assessment Framework

The Committee note that although the IBBI (Mechanism for Issuing) Regulations, 2018 provide for public consultation and limited economic analysis prior to issuance of regulations, no formally institutionalised Regulatory Impact Assessment (RIA) framework currently exists. The Committee further observe that since 2016, 18 principal regulations and around 118 amendments have been notified under the Code, reflecting the evolving and economically significant nature of the insolvency framework.

While noting that no such proposal is presently under consideration, the Committee recommend that a mandatory and institutionalised RIA framework be introduced for major regulatory amendments under the Code. Such a framework should provide for structured pre-notification impact assessment, cost-benefit analysis, stakeholder consultation, defined implementation timelines, post-implementation review, and mechanisms for inter-regulatory coordination, so as to enhance transparency, regulatory stability and long-term policy effectiveness.

5. Recovery in Avoidance (PUFE) Proceedings through Third-Party Litigation Funding

The Committee observe that although interim finance under Sections 20 and 25 of the Code may be utilised for pursuing avoidance transactions, a

substantial quantum of funds over ₹3.85 lakh crore across 1,396 applications remains locked in avoidance (PUFE (Preferential, Undervalued, Fraudulent, and Extortionate)) proceedings, of which only 368 cases have been disposed of and ₹7,931 crore has been ordered to be clawed back. The Committee further note that PUFE transactions are undertaken by the corporate debtor before the commencement of insolvency proceedings that unfairly favour certain creditors or divert the company's assets, thereby reducing the value available for resolution. The Committee further note that no study has been undertaken on international practices relating to third-party litigation funding in fraud and avoidance proceedings in insolvency matters, and that no proposal for its introduction is presently under consideration.

In view of the magnitude of funds involved and the limited recoveries realised thus far, the Committee recommend that the Ministry undertake a structured comparative assessment of international best practices on regulated third-party litigation funding in insolvency and restructuring regimes, and, based on such assessment, introduce an enabling statutory and regulatory framework to expressly permit third-party litigation funding in avoidance/PUFE proceedings. The Committee are of the view that third-party litigation funding in fraud and avoidance proceedings can enable the pursuit of complex and high-value claims such as tracing diverted assets, undertaking forensic investigations, and initiating recovery actions without imposing additional financial burden on the already depleted insolvency estate. In several jurisdictions, such arrangements have been used to unlock value in cases where insolvency professionals lack the resources to sustain lengthy litigation against promoters or related parties involved in suspect transactions. By allowing an independent funder to bear the costs of investigation and litigation in return for a share in the eventual recovery, such mechanisms can help ensure that meritorious PUFE claims are actively pursued rather than abandoned due to lack of funds.

Such a framework should incorporate appropriate safeguards, including mandatory disclosure of funding arrangements before the Adjudicating Authority and the Committee of Creditors, prohibition of funder control over litigation strategy, transparent and reasonable return structures, and regulatory oversight by the Insolvency and Bankruptcy Board of India. The Committee are

of the view that a calibrated funding framework would facilitate pursuit of high-value and complex avoidance claims, reduce the pressure on already stressed insolvency estates, and significantly enhance recovery outcomes under the Insolvency and Bankruptcy Code, 2016.

6. Strengthening the Recovery Ecosystem under the IBC

The Committee note that 78% of companies ending in liquidation and 42% of those resolved under the Corporate Insolvency Resolution Process (CIRP) were already defunct or had prior proceedings before the Board for Industrial and Financial Reconstruction (BIFR), indicating substantial erosion of enterprise value even before admission into the insolvency framework. This underscores the need for stronger early-stage detection and more effective mechanisms to preserve value before and immediately after admission. The Committee further observe that 32,179 companies were able to resolve financial distress at the pre-admission stage, involving an amount of ₹14.61 lakh crore, and that the Insolvency and Bankruptcy Code (IBC) accounted for 52.4% of total bank recoveries in 2024–25 (₹54,528 crore out of ₹1,04,099 crore), highlighting its central role in India’s credit recovery ecosystem.

The Committee further note that the IBC was designed as a framework for time-bound resolution and value maximisation, and not as a mere debt recovery or coercive instrument. Any misuse, collusive practices, or strategic manipulation of the process undermines the credibility and objectives of the Code. In this regard, the Committee take note of the recent observations of the Hon’ble Supreme Court of India expressing concern over the increasing misuse of the IBC framework, wherein it was remarked that in certain cases corporate assets are significantly undervalued and disposed of through pre-planned or non-transparent auction processes, sometimes enabling acquisition by related parties, family members, or close associates.

In view of the systemic importance of the Code, the Committee recommend strengthening early warning and pre-admission intervention mechanisms, enhancing the availability of interim finance, enforcing stricter creditor governance, and ensuring greater transparency and accountability in the decision-making processes of the Committee of Creditors. The Committee

further emphasise the need to address the concerns highlighted by the Hon'ble Supreme Court regarding possible undervaluation of corporate assets and questionable auction practices during the insolvency process.

The Committee therefore recommend institutionalising robust oversight mechanisms, including periodic regulatory impact assessments, to safeguard the integrity of the insolvency process. Particular attention should be given to strengthening valuation standards, ensuring independence and accountability of valuers, promoting wider and more competitive participation in bidding processes, and preventing potential conflicts of interest in resolution and auction procedures. Such measures would help ensure that assets are not transferred at prices significantly below their fair market value, curb questionable auction practices, maximise recoveries for creditors, and reinforce confidence in the insolvency resolution framework.

7. NCLT and NCLAT

The Committee note that over the past five years, the National Company Law Tribunal (NCLT) has faced a growing workload, with fresh filings ranging from 9,212 cases in 2021-22 to 6,318 cases in April–December 2025, and a pendency of 14,575 cases as of 31.12.2025. While disposal of IBC cases under Sections 7, 9, and 10 remains high (over 90%), delays in complex and interlocutory applications have extended resolution timelines, with the average time from insolvency commencement to approval of a resolution plan at 764 days.

The Committee further note that NCLT's sanctioned strength of one President and 62 Members remains underfilled, with only 53 Members in position and the President post vacant, and that bench-wise pendency shows significant regional disparities, e.g., New Delhi 2,494 cases and Mumbai 4,027 cases. While the Budget Estimates for NCLT rose from ₹75.22 crore in 2020-21 to ₹124.08 crore in 2026-27, as furnished by the Ministry, actual utilization has often lagged behind revised estimates due to infrastructure, ICT, and operational requirements. Similarly, for NCLAT, the BE increased from ₹25.32 crore in 2020-21 to ₹46.25 crore in 2026-27, with actuals often lower than projected

reflecting delays in filling vacancies, development of IT infrastructure, and contingent expenditures.

In view of the above, and taking into account the observations contained in the 28th Report of the Committee on the Review of the Working of the Insolvency and Bankruptcy Code, 2016 and Emerging Issues, the Committee strongly reiterate the need to increase the number of benches of the National Company Law Tribunal and to ensure the prompt filling of existing vacancies. The Committee further emphasize the necessity of ensuring adequate and fully utilized budgetary support, as well as strengthening digital and hybrid infrastructure, so as to reduce pendency, expedite the disposal of cases, and safeguard enterprise value under the Code.

8. National Financial Reporting Authority (NAFRA)

The Committee note that the National Financial Reporting Authority (NFRA) has received a total of 252 complaints/matters, of which 139 have been disposed of and 113 remain under process. The Committee further note that no final order has been issued in the past one year. The Committee were informed by the Ministry that this prolonged lull in issuing orders is attributable to an interim order dated 17.02.2025 passed by the Hon'ble Supreme Court of India, which permitted NFRA to continue its proceedings but restrained it from passing or enforcing any final disciplinary orders during FY 2025–26.

The Committee were further informed by the Ministry that NFRA has filed an appeal before the Hon'ble Supreme Court of India against the judgment dated 07.02.2025 of the Hon'ble Delhi High Court. As informed by the Ministry While the Hon'ble High Court upheld several aspects of the constitutional and legal framework governing NFRA, including its retrospective jurisdiction, it quashed 11 show-cause notices/orders and observed that there should be a separation between audit quality review functions and subsequent disciplinary proceedings. The Committee also take note of the information furnished by the Ministry that the Hon'ble High Court observed that certain cases in which no audit quality review had been conducted were also included among the matters that were quashed, against which NFRA has preferred an appeal before the Hon'ble Supreme Court of India. The Committee further note that, pursuant to

the directions and observations of the Hon'ble High Court, the Ministry is presently considering suitable amendments to the relevant provisions under the Companies Act, 2013.

In view of the above developments, the Committee observe that the ongoing judicial proceedings and the interim restrictions on the issuance of final disciplinary orders have created a temporary regulatory gap in the enforcement framework of the National Financial Reporting Authority (NFRA). While noting that the Hon'ble Delhi High Court has upheld the broader constitutional and legal framework governing NFRA, the Committee emphasise the need for greater clarity and institutional strengthening in the separation of audit quality review and disciplinary functions, as highlighted by the Court. The Committee are of the view that the proposed amendments under the Companies Act, 2013 should be examined and finalised expeditiously so as to provide a clear statutory basis for NFRA's processes, ensure procedural robustness, and prevent similar legal uncertainties in the future, while preserving the Authority's ability to effectively discharge its mandate of maintaining high standards of auditing and financial reporting.

The Committee further observe that NFRA does not presently maintain comprehensive, stage-wise data on pending complaints, disciplinary proceedings, or follow-up actions, which limits effective monitoring, transparency, and oversight of audit quality enforcement. The Committee also note that NFRA has not undertaken any sectoral studies to identify industry-specific audit quality concerns, nor developed sector-specific accounting guidance, despite repeated representations from industries such as oil, energy, and insurance, where accounting practices and risk profiles may differ significantly.

In view of the above, the Committee recommend that the Ministry take expeditious steps to operationalise the separation between audit quality review and disciplinary functions within NFRA, as emphasised by the Hon'ble Delhi High Court, including through appropriate legislative or regulatory amendments under the Companies Act, 2013, so as to strengthen procedural clarity, institutional independence, and the credibility of the audit oversight framework.

The Committee further recommend that NFRA establish a robust data management and monitoring system to track complaints, disciplinary proceedings, and follow-up actions in a structured and transparent manner, thereby enabling effective oversight and timely resolution of cases. The Committee also recommend that NFRA undertake sectoral studies to identify industry-specific accounting and audit challenges and, where necessary, develop sector-specific accounting guidance for key sectors such as oil, energy, and insurance, with a view to strengthening transparency, enhancing investor confidence, and improving the overall effectiveness of audit regulation and supervision.

9. Competition Commission of India

The Committee note that, despite the CCI's proactive measures such as establishing the Digital Markets Division, recruiting economists and data analysts, conducting market studies on AI and competition, and coordinating with other regulators it continues to operate with only 117 of 195 sanctioned posts filled, limiting its capacity to effectively monitor and enforce competition law. Consequently, the CCI faces persistent challenges in addressing market concentration and anti-competitive practices, particularly in digital markets and sectors dominated by duopolistic structures. The Committee further observe that, despite enforcement actions and market studies undertaken by the Competition Commission of India targeting dominant firms in digital markets, several traditional sectors of the Indian economy also display duopolistic or highly concentrated market structures, resulting in disproportionate market power that may adversely affect consumer welfare, fair competition, and regulatory compliance, as reflected in recent cases. The Committee also note that the proposed Digital Competition Bill, intended to address the growing dominance of large digital platforms, remains pending, thereby leaving a critical regulatory gap at a time when digital markets are expanding rapidly.

In view of these concerns, and in light of the observations made in the 25th Report of the Committee on *Evolving Role of Competition Commission of India in the Economy, Particularly the Digital Landscape*, the Committee reiterate and strongly recommend that the Ministry expedite the introduction of the Digital

Competition Bill with a clear and time-bound roadmap, so as to ensure timely and effective regulation of large digital platforms. The Committee further recommend strengthening the institutional capacity of the Competition Commission of India by ensuring the expeditious filling of all sanctioned posts, particularly in the Digital Markets Division, and augmenting its technical and analytical capabilities to deal with complex competition issues arising in digital markets.

The Committee also recommend that the Commission intensify proactive monitoring of duopolistic and high-concentration sectors across the economy covering both digital and traditional markets through regular market studies, competition risk assessments, and targeted sector-specific interventions. Such efforts should be supported by stronger coordination with sectoral regulators and relevant stakeholders to address emerging competition concerns, safeguard consumer welfare, and ensure compliance with regulatory frameworks. The Committee are of the view that these measures, complemented by evidence-based and forward-looking monitoring mechanisms, would help detect anti-competitive practices like duopoly and market concentration at an early stage, promote fair competition, and protect consumer interests in a rapidly evolving economic landscape.

10. Strengthening of RoCs and RDs

The Committee note that the budget allocation for Registrars of Companies (RoCs) increased from ₹65.77 crore in 2021-22 to ₹78.19 crore in 2025-26, and for Regional Directors (RDs) from ₹31.51 crore to ₹37.60 crore during the same period, while actual utilisation of these funds has often been below the approved budget, ranging from 78% to 98%. Similarly, the Committee observe that despite the cadre review of ICLS in 2024, which added 69 new posts, a significant number of these posts remain vacant, resulting in manpower shortages across several offices. The Committee also note that pending adjudication cases stood at 484 as of December 2025, while the enforcement-related 3Is (Inquiry, Inspection, Investigation) pendency, particularly investigations, increased to 153 cases during the same period. Further, the Committee observe that reduced frequency of KYC filings, along with 33.5% of registered companies being

inactive, increases the risks of shell companies and misuse of corporate structures. The Committee also note that the MCA21 portal handled 3.16 lakh tickets in FY 2025-26 (up to January 2026), indicating recurring technical challenges despite a high resolution rate of 98%. In addition, over 5.8 lakh companies failed to file financial statements and annual returns in FY 2024-25, while penalties recovered were minimal. The Committee feel that these challenges in manpower, infrastructure, compliance monitoring, and IT systems cannot be viewed merely as administrative constraints but require corrective action. In view of the above, the Committee recommend that the Ministry should expedite filling of vacant posts, rationalise workloads, strengthen MCA21 Version 3 and the proposed FOCUS Lab for real-time monitoring and timely adjudication, and implement proactive surveillance and audits for inactive and high-risk companies. The Committee further recommend that the Ministry ensure full utilisation of allocated funds for manpower, infrastructure, and technology, and examine global best practices in corporate compliance and enforcement for adoption in the Indian context to enhance corporate governance and strengthen enforcement across the country.

11. Serious Fraud Investigation Office (SFIO)

The Committee note that the Serious Fraud Investigation Office (SFIO) is a multi-disciplinary statutory body tasked with investigating complex financial frauds involving company law, banking, taxation, and capital markets, with its headquarters at New Delhi and five regional offices. The Committee observe that budget allocations for SFIO have increased over the past five years, from ₹29.23 crore in 2021-22 to ₹55.86 crore in 2025-26, with additional funds earmarked for forensic audits, digital investigations, and hiring of experts; however, expenditure remains dependent on consolidated administrative and technical requirements rather than case-specific allocation, making it difficult to assess average cost per investigation. The Committee also note that SFIO handles highly complex and time-consuming investigations, with simultaneous cases and detailed, voluminous reports, and that the number of cases successfully prosecuted stood at 68.89% as of February 2026. While the Committee acknowledge that SFIO has institutional safeguards, including Internal Summon

Committees, Peer Review Groups, and judicial oversight to ensure accountability and fairness, they observe that the increasing complexity and volume of corporate fraud cases require sustained enhancement of manpower, technical capabilities, and operational support. In view of the above, the Committee recommend that the Ministry should further strengthen SFIO by ensuring adequate staffing, expanding technical and digital forensic infrastructure, and providing sufficient funds for expert engagement and advanced investigative tools to enable timely and effective investigation and prosecution of complex corporate frauds. The Committee further recommend that mechanisms for periodic review of procedural efficiency and case disposal timelines should be institutionalised to improve responsiveness and reduce pendency of high-value fraud investigations.

New Delhi;
11 March, 2026
20 Phalgun, 1947 (Saka)

Bhartruhari Mahtab
Chairperson,
Standing Committee on Finance

STANDING COMMITTEE ON FINANCE BRANCH

Minutes of the Sixteenth sitting of the Standing Committee on Finance(2025-26).

The Committee sat on Wednesday, the 18thFebruary, 2026 from 1415 hrs. to 1630 hrs in Committee Room 'D', Parliament House Annexe, New Delhi.

PRESENT

Shri Bhartruhari Mahtab - Chairperson

LOK SABHA

2. Shri Arun Bharti
3. Shri P. P. Chaudhary
4. Shri Lavu Sri Krishna Devarayalu
5. Shri Suresh Kumar Kashyap
6. Shri Kishori Lal
7. Thiru Arun Nehru
8. Smt. Sandhya Ray
9. Prof. Sougata Ray
10. Shri Manish Tewari
11. Shri Balashowry Vallabhaneni
12. Shri Prabhakar Reddy Vemireddy

RAJYA SABHA

13. Shri Narain Dass Gupta
14. Shri Yerram Venkata Subba Reddy
15. Shri S. Selvaganabathy
16. Shri Sanjay Seth
17. Dr. Dinesh Sharma
18. Dr. M. Thambidurai

SECRETARIAT

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

WITNESSES

Ministry of Corporate Affairs

1. Ms. Deepti Gaur Mukerjee
2. Shri Vedveer Arya, AS & FA
3. Shri Sanjay Shorey, Director General of Corporate Affairs
4. Shri Balamurugan D., Joint Secretary
5. Smt Anita Shah Akella, Joint Secretary
6. Shri Santanu Mitra, Sr. Economic Adviser
7. Shri Utkarsh Yadav, Registrar, NCLT
8. Shri Sidhil Sasi, Deputy Director General, Statistics Davison
9. Shri Shashi Bhusan, Chief Controller of Accounts
10. Shri Samir Aswin Vakil, Director, SFIO
11. Shri Ghanshyam Sahu, Advisor, Cost, MCA
12. Ms. Vidhu Sood, Secretary, NFRA
13. Shri Kulwant Singh, ED, IBBI

2. At the outset, the Chairperson welcomed the Members and the witnesses to the Sitting of the Committee. and apprised them of the agenda, i.e., examination of the Demands for Grants (2026-27) of the Ministry of Corporate affairs.

3. Thereafter, the representatives of the Ministry of Corporate Affairs made a presentation, which, inter-alia, covered the organizational structure of the Ministry, expansion of Regional Director and ROC offices, central facilities for registration, voluntary exit and scrutiny, and the e-adjudication system for civil penalties. The presentation highlighted budgetary trends, reasons for low fund utilization and surrenders, streamlining of company and LLP registration, privacy concerns, enforcement and risk-based surveillance through the FOCUS Lab, outcomes under IBC including resolutions and liquidation, regulation of insolvency professionals, and activities of statutory bodies such as SFIO, NCLT, NCLAT,

CCI, NFRA, and the Investor Protection Fund, alongside initiatives for investor awareness, technology upgrades, and improved transparency, compliance;

3. The following major issues, among other things, were discussed during the sitting:-

- Issue of inactive registered companies and need to boost corporate efficiency;
- Challenge of achieving fiscal savings from digitalisation and analytics investments.
- Issue of persistent underutilisation of budget allocations and need for better planning.
- Impact of NCLT/NCLAT capacity gaps on timely resolution of corporate disputes.
- Issue of SFIO effectiveness in curbing collective investment scheme frauds.
- Challenge of low LLP adoption and technical glitches in MCA21 portal affecting registrations.
- Impact of market concentration and delays in Digital Competition Bill on fair competition.
- Proposal to engage third-party agencies for recovery of PUFEE transactions under IBC.
- Need for stronger CSR monitoring to prevent misutilisation of funds.
- Issue of NFRA functioning and alignment with international accounting standards.
- Challenge of IBC misuse, asset undervaluation, and need for protection of SMEs/creditors.
- Need to enhance budget, judicial capacity, and case management for timely corporate oversight.
- Challenge of inter-agency coordination for unified oversight of corporate and investment schemes.
- Challenge of ensuring efficient utilisation of IEPF funds for refunds, dividends, and administrative/technology expenses.
- Need to revamp PM Internship Scheme for greater youth engagement and employability.
- Need to establish dedicated MSME distress fund or bridge financing under IBC framework.
- Challenge of manpower shortage in MCA affecting implementation and corporate compliance.

- Issue of NFRA inactivity and need for timely disciplinary actions and enhanced audit oversight; and
- Challenge of SFIO due diligence gaps and risk of wrongful freezing of bank accounts.

3. Then, the witnesses responded to the queries raised by the Members. Thereafter, the Chairperson directed the representatives of the Ministry of Corporate Affairs to furnish written replies to the points raised by the Members, which could not be readily replied by them during the discussion, within a week to the Secretariat.

(The witnesses then withdrew)

Record of the Verbatim Proceedings has been kept.

The Committee then adjourned.

* * * * *

STANDING COMMITTEE ON FINANCE BRANCH

**Minutes of the Twenty-First Sitting of the Standing Committee on Finance
(2025-26)**

The Committee sat on Wednesday, the 11th March, 2026 from 1030 hrs. to 1100 hrs in Committee Room Samanvay-3, Parliament House, New Delhi.

PRESENT

Shri Bhartruhari Mahtab - Chairperson

LOK SABHA

2. Shri Arun Bharti
3. Shri P. P. Chaudhary
4. Shri Lavu Sri Krishna Devarayalu
5. Shri Suresh Kumar Kashyap
6. Thiru Arun Nehru
7. Shri N. K. Premachandran
8. Dr. C. M. Ramesh
9. Prof. Sougata Ray
10. Shri P. V. Midhun Reddy
11. Dr. K. Sudhakar
12. Shri Manish Tewari
13. Shri Balashowry Vallabhaneni
14. Shri Prabhakar Reddy Vemireddy

RAJYA SABHA

15. Shri Narain Dass Gupta
16. Shri Yerram Venkata Subba Reddy
17. Shri S. Selvaganabathy
18. Shri Sanjay Seth
19. Dr. Dinesh Sharma
20. Smt. Darshana Singh
21. Shri Pramod Tiwari

SECRETARIAT

- | | | | |
|----|----------------------------|---|------------------|
| 1. | Smt. Bharti Sanjeev Tuteja | - | Director |
| 2. | Shri T. Mathivanan | - | Deputy Secretary |

2. At the outset, the Chairperson welcomed the Members to the sitting of the Committee. Thereafter, the Committee took up the following draft Reports for consideration and adoption:

- i) Thirtieth Report on Demands for Grants (2026-27) of the Ministry of Finance (Department of Revenue).
- ii) Thirty-First Report on Demands for Grants (2026-27) of the Ministry of Corporate Affairs.
- iii) Thirty-Second Report on Demands for Grants (2026-27) of the Ministry of Finance (Department of Financial Services).

3. After some deliberations, the Committee adopted the above draft Reports with minor modifications and authorised the Chairperson to finalise them and present the Reports to the Parliament.

4. XX XX XX XX XX XX
 XX XX XX XX XX XX.

The Committee then adjourned.

* * *