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**STANDING COMMITTEE ON FINANCE
(2019-20)**

SEVENTEENTH LOK SABHA

MINISTRY OF CORPORATE AFFAIRS

[Action taken by the Government on the recommendations contained in Third Report of the Standing Committee on Finance on 'Demands for Grants (2019-20)]

FIFTEENTH REPORT



**LOK SABHA SECRETARIAT
NEW DELHI**

September, 2020 / Bhadrapada, 1942 (Saka)

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MINISTRY OF CORPORATE AFFAIRS

[Action taken by the Government on the recommendations contained in Third Report of the Standing Committee on Finance on 'Demands for Grants (2019-20)']

Presented to Hon'ble Speaker on 9 September 2020

Presented to Lok Sabha on _____, 2020

Laid in Rajya Sabha on _____, 2020



**LOK SABHA SECRETARIAT
NEW DELHI**

September, 2020 / Bhadrapada, 1942 (Saka)

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Committee on Finance on 'Demands for Grants (2019-20)'

* Not appended in the cyclostyled copy

COMPOSITION OF STANDING COMMITTEE ON FINANCE (2019-2020)

Shri Jayant Sinha - Chairperson

MEMBERS

LOK SABHA

2. Shri S.S. Ahluwalia
3. Shri Subhash Chandra Baheria
4. Shri Vallabhaneni Balashowry
5. Shri Shrirang Appa Barne
6. Dr. Subhash Ramrao Bhamre
7. Smt. Sunita Duggal
8. Shri Gaurav Gogoi
9. Shri Sudheer Gupta
10. Smt. Darshana Vikram Jardosh
11. Shri Manoj Kishorbhai Kotak
12. Shri Pinaki Misra
13. Shri P.V Midhun Reddy
14. Prof. Saugata Roy
15. Shri Gopal Chinayya Shetty
16. Dr. (Prof.) Kirit Premjibhai Solanki
17. Shri Manish Tewari
18. Shri P. Velusamy
19. Shri Parvesh Sahib Singh Verma
20. Shri Rajesh Verma
21. Shri Giridhari Yadav

RAJYA SABHA

22. Shri Rajeev Chandrasekhar
23. Shri A. Navaneethkrishnan
24. Shri Praful Patel
25. Shri Amar Patnaik
26. Shri Mahesh Poddar
27. Shri C.M. Ramesh
28. Shri Bikash Ranjan
29. Shri G.V.L Narasimha Rao
30. Dr. Manmohan Singh
31. Smt. Ambika Soni

SECRETARIAT

- | | | | |
|----|------------------------------|---|-----------------------------|
| 1. | Shri V.K. Tripathi | - | Joint Secretary |
| 2. | Shri Ramkumar Suryanarayanan | - | Director |
| 3. | Shri Kulmohan Singh Arora | - | Additional Director |
| 4. | Ms. Melody Vungthiansiam | - | Assistant Committee Officer |

INTRODUCTION

I, the Chairperson of the Standing Committee on Finance, having been authorized by the Committee, present this Fifteenth Report on action taken by Government on the Observations / Recommendations contained in the Third Report of the Committee (Seventeenth Lok Sabha) on Demands for Grants (2019-20) of the Ministry of Corporate Affairs.

2. The Third Report was presented to Lok Sabha / laid on the table of Rajya Sabha on 10 December, 2019. The Action Taken Notes on the Recommendations were received from the Government *vide* their communication dated 06 March, 2020.

3. The Committee considered and adopted this Report at their sitting held on 08 September, 2020.

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

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

NEW DELHI
08 September, 2020
17 Bhadrapada, 1942 (Saka)

SHRI JAYANT SINHA,
Chairperson,
Standing Committee on Finance

REPORT

CHAPTER – I

This Report of the Standing Committee on Finance deals with action taken by the Government on the recommendations/observations contained in their 3rd Report (Seventeenth Lok Sabha) on Demands for Grants (2019-20) of the Ministry of Corporate Affairs which was presented to Lok Sabha / laid in Rajya Sabha on 10 December, 2019.

2. The Action Taken Notes have been received from the Government in respect of all the 8 recommendations contained in the Report. These have been analyzed and categorized as follows:

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

Recommendation Nos. 1,2,3,4,5,6,7 &8

(Total 8)
(Chapter- II)

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

NIL

(Total NIL)
(Chapter- III)

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

NIL

(Total NIL)
(Chapter -IV)

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

NIL

(Total - NIL)
(Chapter- V)

3. The Committee desire that the replies to the observations/recommendations contained in Chapter-I may be furnished to them expeditiously.

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

Recommendation (Serial No. 2)

5. The Committee note that the Ministry implemented an e-Governance project named 'MCA21' in 2006 aimed at providing stakeholders a convenient, easy to use and secure access and delivery point for all their services. Towards this end, the Ministry have informed that version 2 of MCA21 i.e. MCA21v2 was implemented in 2015-16 and that the Ministry has embarked upon version 3 of the MCA-21 system by introducing artificial intelligence to further facilitate 'ease of doing business' for corporates. The Secretary, Ministry of Corporate Affairs has also submitted that the MCA-21 version 3 is an ambitious project and would require more funding. The Committee further note that India has jumped 14 places from 77th rank to 63rd rank in World Bank's 'Doing Business Report' (DBR, 2020). While the improvement in World Bank DBR rankings is laudable, the Committee are of the opinion that still more distance has to be traversed before the final goal is achieved. The Committee, therefore, recommend that the Ministry should equip themselves with adequate resources and expertise for smooth implementation of MCA-21 version 3 for bringing about greater simplification and ease in filing/processing of documents.

6. In their action taken reply the Ministry of Corporate Affairs have submitted as follows:-

“The new version of MCA21 i.e. MCA 21 V3 which is having advanced technology like AI/ML is assisting MCA for its smooth implementation and easy to

use and access by all the stake holders. Further, it will follow the principle of “Single Source of Truth”, which means once an information is sought and provided, the same piece of information will not be sought again from the company and the information already provided by it will be used to prefill the form where such information is required. Moreover, an independent team of the Programme Monitoring Unit (PMU) is monitoring the Service Level Agreements (SLA) and assisting officers of Ministry of Corporate Affairs in supervising the implementation and execution of the project. Further, the Ministry has proposed for cadre review to increase the strength of ICLS Officers who will have domain knowledge and expertise in MCA 21 project. The proposal is currently with DoPT.”

7. The Committee note that the e-governance MCA 21 project which was aimed at providing stakeholders a convenient, easy to use and secure access and delivery point for all their services has embarked upon version 3 with advanced technology like AI/ML, following the principle of “Single Source of Truth” etc. and that an independent team of the Programme Monitoring Unit (PMU) is monitoring and assisting the Ministry in supervising the implementation and execution of the project. The Committee hope that with the ongoing Covid19 crisis and lockdown enforced, the project may emerge as an indispensable platform for companies and stakeholders to survive these difficult times by making certain adjustments like simplifying the filing processes, easier authentication, easing of timelines earlier laid down etc. Further, the World Bank Report on Doing Business, 2020 states that economies that score the highest have the common feature of widespread use of electronic systems and online platforms to comply with regulatory requirements. The Committee, therefore, reiterate the need for an extensive and widespread use of online platforms like MCA21 in order to achieve our ‘Ease of Doing Business’ goals.

Recommendation (Serial No. 8)

8. The Committee note that the multi-year pattern of high vacancies and lack of human resources should be addressed at a structural level so that these gaps are closed as soon as possible. MCA's various regulatory entities are critically important for a smooth functioning economy. They should be suitably equipped in terms of human capital and systems so that they can provide necessary support to the economy.

9. In their action taken reply the Ministry of Corporate Affairs have submitted as follows:-

"The concerns of the Committee have been noted. The Ministry is making all-out efforts to strengthen all the regulatory bodies besides its headquarters by augmenting human resources and their capacity building through various skill training, software and other infrastructure development for smooth functioning of the system. As far as SFIO is concerned, working strength has been increased from 66 to 76 as against the sanctioned strength of 133 and the process of filling up of vacant posts in the SFIO is going. All the posts of members in the NCLAT have been filled. Government has appointed 28 more members in NCLT recently bringing the total number of members in position to 52 against the sanctioned strength of 63. Since some of the members in the NCLT demitted the office, the present strength of Members is 47 and filling up of the vacant posts of Members in NCLT is under process. Govt. has sanctioned 54 posts of Officers and Staff in NCLAT and 320 posts in NCLT for which Recruitment Rules have been framed. NCLT & NCLAT are taking necessary action to fill these posts on regular basis. The officials/staff of the Ministry and its regulatory bodies are provided with various skill training as a capacity building measures besides online operation of many of functions of the Ministry for easy compliance of stakeholders and efficient monitoring."

10. The Committee find that the Ministry's reply regarding strengthening human resources in all their regulatory bodies is repetitive. The Committee has year after year reiterated the urgency with regard to filling human resource

requirements in its key bodies like SFIO, CCI, NCLT, NCLAT etc. The Committee cannot overemphasize the crucial role these bodies play in keeping the wheels of our economy moving. The Committee, therefore, strongly urge the Ministry to fill the critical human capital gaps in these regulatory bodies within the present financial year. The Committee would like to be apprised about the progress made in this regard.

CHAPTER II
RECOMMENDATIONS / OBSERVATIONS THAT HAVE BEEN
ACCEPTED BY THE GOVERNMENT

Recommendation (SI. No.1)

The Committee note that the Budget Estimates of the Ministry of Corporate Affairs under Demand No. 16 for the year 2019-20 is Rs 586.34 crore, out of which Rs. 545.34 is under Revenue Head and Rs. 41 crore is under Capital Head. The Committee observe that the Budget Estimates are gradually increasing year after year from Rs. 344.43 crore in 2016-17, Rs. 508.04 crore in 2017-18, Rs. 564.15 crore in 2018-19 and Rs.586.34 crore in 2019-20. Although funds surrendered have been showing a decreasing trend, still as high as Rs. 19.22 crore had to be surrendered in the Financial Year 2018-19 and only Rs. 274 crore has been utilised so far out of B.E (2019-20) of Rs. 586.34 crore which is less than 50% of the total funds allocated. The Committee have pointed out the issue of the Ministry's inability to absorb funds in their earlier Reports and had recommended that the Ministry should exercise due diligence in the budget formulation, However, the Committee observe that the perpetual cycle of under-utilization and surrender of funds continues. The Committee are, therefore, constrained to reiterate their earlier recommendation that the Ministry exercise due diligence in their budget formulation and make concerted efforts to utilize the limited funds allocated, especially in strengthening the infrastructure and capacity of their statutory bodies, headquarters set-up and field offices. The Committee further recommend that the high fees charged by the Ministry in pricing their services should be rationalized.

Reply of the Government

(i) With regards to utilisation of the allocated funds and strengthening the infrastructure and capacity building of the headquarters of the Ministry and its statutory bodies and field offices, it is submitted that utilisation of funds and progress of activities under each budgetary unit/ organisation are closely monitored at Senior Level in the Ministry by reviewing meetings/field visits from time to time and funds are re-allocated through re-appropriation from one head to another for accomplishing the tasks.

(ii) As regards utilisation of funds during 2019-20 is concerned, as against the R.E. of Rs. 576.00 crore, Rs.514.72 crore i.e. 89.36% has been utilised as on 6.3.2020 and the details are given below:-

(₹ in crore)

Year	Budget Estimates			Revised Estimates			Actual Expenditure (upto 06.03.2020)		
	Capital	Revenue	Total	Capital	Revenue	Total	Capital	Revenue	Total
2019-20	41.00	545.34	586.34	12.50	563.50	576.00	10.08	504.64	514.72 (89.36% of RE)

(iii) With regards to strengthening the infrastructure and capacity of their statutory bodies, headquarters set-up and field offices, it is submitted that the Ministry is making all-out efforts to strengthen all the regulatory bodies and its headquarters by augmenting human resources and their capacity building through various skill training, software and other infrastructure development as explained in replies to point No.8 below

(iv) With respect to surrender of funds during 2018-19, it is submitted that the actual surrendered amounts was Rs. 9.72 crore (Rs.19.22 – 9.50= 9.72) in FY 2018-19. That the 2nd Batch of Supplementary Demands for Grants of Rs. 19.00 crore to minor works under the Revenue Section through Technical Supplementary from the Capital Section with the condition that equal amount from the Revenue Section should be surrendered. Since there was only Rs.9.50 crore available as savings under the Revenue Section for surrender, equal amount i.e. Rs.9.50 crore only was re-appropriated to the Revenue Section for minor works as against the Technical Supplementary amount of Rs.19.00 crore. Hence, the actual surrendered amount was Rs.9.72 crore (i.e. Rs. 19.22 – Rs.9.50= Rs.9.72) in FY 2018-19.

(v) With regards to the Committee's recommendation that the high fees charged by the Ministry in pricing their services should be rationalized, it is submitted that the fee collected by MCA for enabling filing of any document, fact or information has been kept reasonable. When stakeholders commit default in filing such documents, fact or information within the period, as provided under the Companies Act, 2013 and Rules

thereunder, an additional fee is charged which serves the purpose of disincentivizing non-compliance with law and also enables making good the default. The Government is also taking necessary steps to amend Section 403 of the Companies Act, 2013 whereby the additional fee applicable for default on two or more occasions in timely filing of any document, fact or information, is proposed to be reduced from the present amount of at least Rs.200/-per day which is presently provided under that Section.

[No.G-20018/14/2019-BGT Dated: 06.03.2020]

Recommendation (SI. No.2)

The Committee note that the Ministry implemented an e-Governance project named 'MCA21' in 2006 aimed at providing stakeholders a convenient, easy to use and secure access and delivery point for all their services. Towards this end, the Ministry have informed that version 2 of MCA21 i.e. MCA21v2 was implemented in 2015-16 and that the Ministry has embarked upon version 3 of the MCA-21 system by introducing artificial intelligence to further facilitate 'ease of doing business' for corporates. The Secretary, Ministry of Corporate Affairs has also submitted that the MCA-21 version 3 is an ambitious project and would require more funding. The Committee further note that India has jumped 14 places from 77th rank to 63rd rank in World Bank's 'Doing Business Report' (DBR, 2020). While the improvement in World Bank DBR rankings is laudable, the Committee are of the opinion that still more distance has to be traversed before the final goal is achieved. The Committee, therefore, recommend that the Ministry should equip themselves with adequate resources and expertise for smooth implementation of MCA-21 version 3 for bringing about greater simplification and ease in filing/processing of documents.

Reply of the Government

The new version of MCA21 i.e. MCA 21 V3 which is having advanced technology like AI/ML is assisting MCA for its smooth implementation and easy to use and access by all the stake holders. Further, it will follow the principle of "**Single Source of Truth**", which means once an information is sought and provided, the same piece of information will not be sought again from the company and the information already provided by it will be used to prefill the form where such information is required. Moreover, an independent

team of the Programme Monitoring Unit (PMU) is monitoring the Service Level Agreements (SLA) and assisting officers of Ministry of Corporate Affairs in supervising the implementation and execution of the project. Further, the Ministry has proposed for cadre review to increase the strength of ICLS Officers who will have domain knowledge and expertise in MCA 21 project. The proposal is currently with DoPT.

[No.G-20018/14/2019-BGT Dated: 06.03.2020]

Comments of the Committee

(Please see Para No. 7 of Chapter I)

Recommendation (SI. No.3)

The Committee note that the Champion Service Sector is a new Central Sector Scheme under the Ministry of Corporate Affairs and that the Union Cabinet has identified 12 Champion Service Sectors for promoting and realizing their development. The Committee also note that Accounting and Financial Services is one of the 12 Champion Sector identified under which, the scheme 'GST Account Assistant' has been conceptualized to build capacity and to create a cadre of GST Account Assistants at the ground level to enhance availability of trained professionals in every nook and corner of the country for better compliance of GST by SMEs (Small and Medium Enterprises) & SMPs (Small and Medium Professionals) at affordable cost to them. The Committee also note that a token provision of Rs. 5.00 crore was made for the scheme in BE 2019-20. At this nascent stage, the Committee hope that the Ministry would strive for enhancement of budgetary provision for full and effective implementation of the scheme, as it would help in achievement of the twin objectives of employment generation as well as simplification of GST processing and compliance.

Reply of the Government

The GST Account Assistant Scheme under the Champion Sector Scheme was not considered for budgetary support by the EFC (Expenditure Finance Committee) in its meeting held on 06.09.2019. Thereafter, Secretary (CA) has written to the Secretary, Deptt. of Expenditure with a revision of the proposed scheme for the consideration of

the EFC. Meanwhile, the proposal of revised GST Account Assistant Scheme has been sent to the Department of Commerce for their views/comments. Upon approval of the scheme, it will be implemented with higher allocation of funds across the country.

[No.G-20018/14/2019-BGT Dated: 06.03.2020]

Recommendation (Sl. No.4)

The Committee note that the Serious Fraud Investigation Office (SFIO) is a multi-disciplinary investigating agency set up to investigate serious corporate frauds and has been accorded statutory status. The Committee find that out of 91 cases assigned to SFIO since 2016-17, only 35 cases have been completed so far. The Committee also note that out of 133 sanctioned posts in SFIO, only 66 posts are filled up by regular incumbents and 6 officers have been posted on loan basis. The Ministry have informed that efforts are being made to improve the vacancy situation by expediting the selection process, incentivizing posting of officials by special grant of 20% of Basic Pay and engagement of technical consultants. The Committee are of the view that keeping in mind the large number of cases and the rising workload with greater complexity, the Ministry should strengthen the workforce in SFIO and equip them with the requisite expertise and motivation to fulfil the mandate. It also needs to be ensured that the cases referred/taken up are investigated thoroughly and in a professional manner with a view to improving their prosecution outcomes.

Reply of the Government

The observations of the Committee have been noted. It is submitted that keeping in mind the large number of cases and the rising workload with greater complexity, the Ministry is making all-out efforts to strengthen the workforce in SFIO. Those officers having requisite expertise are selected and Special Security Allowance is paid to the officers of SFIO for motivating them.

Upon recommendation by the Selection Committee, offer of appointment on deputation basis have been given to 21 candidates; out of them, 13 candidates have already joined and remaining are likely to join shortly. As on date, working strength in the SFIO has increased from 66 to 76 as against the sanctioned strength of 133. Dossiers of six

selected candidates for the post of Assistant on DR basis have been received from the Staff Selection Commission(SSC) and they are expected to join very soon. The process of filling up of vacant posts on both deputation (ISTC) and Direct Recruitment is continuing. Further, the officers of SFIO are given training in investigation process through programmes being conducted by ICAI, IICA and UNODC etc. Progress of Investigations is closely monitored and reviewed by MCA so as to ensure quality investigation and timely completion thereof.

[No.G-20018/14/2019-BGT Dated: 06.03.2020]

Recommendation (Sl. No.5)

The Committee note that Investor Education and Protection Fund (IEPF) Authority was established in 2016 with the objective of promoting investor education, awareness, protection and to make refunds of shares, unclaimed dividends and matured deposits/debentures. The Committee also note that Section 124 (6) of the Companies Act, 2013 states that all shares in respect of which dividend has not been paid or claimed for seven consecutive years or more shall be transferred by the company to IEPF Authority. The Ministry have informed that the amount transferred to the IEPF is about Rs. 4200 crore and that 1667 companies have transferred about 67.28 crore shares to the IEPF Demat account. The Ministry have also informed that the quantum of work in the Authority has increased manifold during the last two years and that the Authority may be required to dispose of 12000 claims every year. Towards this end, the Ministry informed that the R.S.Sahoo Committee have recommended creation of additional posts, which is being taken up with the Ministry of Finance. The Committee note that the number of claims have been increasing steeply year after year i.e. from 343 in 2016-17, 3683 in 2017-18 and 10661 in 2018-19. The Committee, therefore, recommend that the manpower requirements of the Authority needs to be addressed expeditiously in order to meet the increasing number of claims filed as well as to fulfil its objective of spreading awareness among investors.

Reply of the Government

Based on the recommendations of R.S. Sahoo Committee Report on manpower requirements, the IEPF Authority has submitted a proposal for creation of 33 posts, which is under the consideration of the Government. For filling up the vacancies in existing posts, advertisements have been issued in the Newspapers and Employment news in the month of December, 2019. For claim processing, Company Secretaries are engaged on contract basis through Institute of Company Secretaries of India (ICSI).

[No.G-20018/14/2019-BGT Dated: 06.03.2020]

Recommendation (Sl. No.6)

The Committee note that the Competition Commission of India (CCI) was established in March, 2009 under the Competition Act, 2009 to prevent practices having adverse effect on competition, to promote and sustain competition in markets, to protect interests of consumers and to ensure freedom of trade. The Committee also note that as on 30 September, 2019, the Commission has received 1037 cases relating to anti-competitive conduct and that 162 cases are pending in the Commission. With regard to staffing, the Ministry have informed that out of the total 192 sanctioned posts, 123 posts are filled while 72 posts are lying vacant. The Committee, therefore, recommend that the Ministry should in all urgency endeavour to fulfil the human resource requirements in the Commission in order to expedite the process of disposing off the huge backlog of cases.

Reply of the Government

As on 31st December 2019, the Commission received 1051 cases relating to anti-competitive conduct under Section 3 & 4 of the Competition Act and 890 cases have been decided by the Commission.

The Commission has received 728 notices under Section 6(2) and 6(5) of the Act. Out of these, 723 cases have been disposed of within the stipulated time and 5 cases are under consideration of the Commission.

Staff Position of CCI and DG's office as on 09.01.2020

- (a) The details of existing sanctioned strength of posts as well as vacancies in the Competition Commission of India (CCI), including those in the office of Director General, CCI are as under:-

Name of the office	Present Sanctioned Strength	Present Working Strength	Present vacancy position
CCI	154	104	50
O/o. DG, CCI	41	18	23
Total	195	122	73

(b) Status regarding filling of vacant posts in CCI:

- (i) As per the Recruitment Rules for the sanctioned posts in the CCI, the mode of recruitment is by Direct Recruitment, Deputation and promotion.
- (ii) Sixth round of direct recruitment was conducted and 20 candidates were selected and all of them have joined in the Commission.
- (iii) An advertisement to fill up 10 posts in CCI on deputation basis was issued on 26.11.2019. The last date for receipt of applications by the CCI was 7.01.2020. The applications which were received, are scrutinized to make selection of eligible candidates at the earliest.
- (iv) To fill-up vacant posts under deputation quota, a circular is issued.
- (v) Promotions quota posts have been filled up by promoting eligible officers in CCI recently (i.e. w.e.f. 1.1.2020).

Status regarding filling up of vacant posts in the O/o the DG CCI

- i) In so far as the office of Director General, CCI is concerned, the prescribed mode of recruitment is only by deputation. One of the essential eligibility requirement prescribed in the existing RRs in respect of the Professional posts is experience in 'investigation under any Economic law'. Due to non-receipt of sufficient applications from the eligible persons, all the sanctioned posts of Professionals were not filled up in the O/o. DG, CCI. Subsequently, advertisement were issued on 19.06.2019 and 26.09.2019 to fill up all the 20 vacant posts on deputation and

presently, selection of eligible applicants is under process and it is hoped that this time all the vacant posts will be filled on deputation basis.

[No.G-20018/14/2019-BGT Dated: 06.03.2020]

Recommendation (Sl. No.7)

The Committee note that National Company Law Tribunal (NCLT) and National Company Law Appellate Tribunal (NCLAT) were constituted in 2016 for faster resolution of corporate disputes and reducing the multiplicity of agencies thereby promoting 'ease of doing business in the country. The Ministry have informed that on the formation of NCLT, 5345 cases pending with Company Law Board (CLB) were transferred to NCLT and that till 31.08.2019, 4073 cases were received on transfer, 45820 cases were filed fresh, bringing the total cases with NCLT to 55,238 out of which 35,536 cases have been disposed and 19702 cases are pending. The Ministry have also informed that the creation of 320 posts of officers/staff in NCLT has been approved and that Recruitment Rules for these posts are being finalized. Regarding implementation of e-Courts, the Ministry have informed that version 2.0 is under progress and that as on 13.09.2019, total e-filed cases were 17,787. The Committee are constrained to note that while the Ministry is unable to fully utilise the funds at its disposal, resulting in funds allocated lapsing year after year, important fora such as the NCLT and NCLAT are seriously understaffed and under-funded. As a result, there is a massive pendency of critical cases. This has rendered these important Tribunals unable to work to their full potential and to meet the demands of laws like the IBC which are therefore being rendered ineffectual. The Committee feel that in order to tackle the huge pendency of cases, more benches of NCLT with adequate manpower are required, for which the Recruitment Rules may be finalized at the earliest and that implementation of version 2 of e-courts should be expedited for faster resolution of cases.

Reply of the Government

(i) With regard to strengthening the manpower in the NCLT/NCLAT with adequate funding, etc., it is submitted that the Government has approved for 320 posts at various levels in NCLT and 59 posts in NCLAT. Recruitment Rules have been notified vide

Notification dated 21.01.2020 and NCLT and NCLAT are initiating the process to fill up regular posts as per the notified rules. Prior to regular appointments to these posts, staff have been made on contractual/outsourced and deputation basis. Law Research Associates have been engaged as per the requirement. NCLT has been authorized for engaging supporting staff/offices on contractual/outsourcing basis for administrative exigencies.

(ii) Regarding opening of more benches of NCLT and strengthening them with adequate manpower and capacity building, it is submitted that the Government is taking all steps to strengthen the NCLT and NCLAT in terms of number of Benches, number of courts and number of Members. Five new Benches of NCLT which were announced during 2018-2019, are functioning at Jaipur, Cuttack Kochi, Indore and Amaravati. One Bench of NCLAT opened newly at Chennai is also functioning. Government has also appointed 28 more Members in NCLT recently and 6 new Members in NCLAT. Vacant posts of Members in NCLT and NCLAT are being filled up regularly. For capacity building of Members, regular colloquiums are being held. It is expected that all the pending cases will be disposed of.

(iv) Regarding implementation of Version 2 of e-Courts, it is submitted that the e-Court project is implemented through NIC for all the benches of NCLT. Subsequent to version 1 of e-courts software which were completed, version 2 of e-Courts software have been introduced. Under the version 2 of e-courts, various activities have been undertaken such as

- (a) report filing by government bodies, modifications in the Cause List, refiling functionality for external users (general public/advocates/IRP/RP etc.), automatic case number generation in CIS, etc., from 01.01.2020;
- (b) WACOM usage has been initiated in NCLT Delhi court from January, 2020. Metadatta creation for cases has been completed at Delhi. All petitions/ applications received at filing counter are filed through e-filing module as well. Metadatta creation is in progress at NCLT Mumbai, Jaipur, Chandigarh, Allahabad, Hyderabad, Kolkata and Chennai. E-filing application has been

launched for public in Mumbai on 03.02.2020. CIS has also been launched for registry in Mumbai on 03.02.2020.

- (c) Training was conducted for NCLT Delhi, Mumbai, Jaipur, Chandigarh, Allahabad users. Trainings were also conducted for all data entry operators joining in different NCLT locations.
- (d) Disaster Recovery setup has been initiated for NCLT e-courts project. Roll out plan have been prepared for launch of e-filing across all NCLT benches in India. Display boards have been installed and running in most of the NCLT locations.
- (e) As on 11.02.2020, applications and documents were e-filed for a total of 25,696 cases.

[No.G-20018/14/2019-BGT Dated: 06.03.2020]

Recommendation (Sl. No.8)

The Committee notes that the multi-year pattern of high vacancies and lack of human resources should be addressed at a structural level so that these gaps are closed as soon as possible. MCA's various regulatory entities are critically important for a smooth functioning economy. They should be suitably equipped in terms of human capital and systems so that they can provide necessary support to the economy.

Reply of the Government

The concerns of the Committee have been noted. The Ministry is making all-out efforts to strengthen all the regulatory bodies besides its headquarters by augmenting human resources and their capacity building through various skill training, software and other infrastructure development for smooth functioning of the system. As far as SFIO is concerned, working strength has been increased from 66 to 76 as against the sanctioned strength of 133 and the process of filling up of vacant posts in the SFIO is going. All the posts of members in the NCLAT have been filled. Government has appointed 28 more members in NCLT recently bringing the total number of members in position to 52 against the sanctioned strength of 63. Since some of the members in the NCLT demitted the office, the present strength of Members is 47 and filling up of the vacant posts of Members in NCLT is under process. Govt. has sanctioned 54 posts of

Officers and Staff in NCLAT and 320 posts in NCLT for which Recruitment Rules have been framed. NCLT & NCLAT are taking necessary action to fill these posts on regular basis. The officials/staff of the Ministry and its regulatory bodies are provided with various skill training as a capacity building measures besides online operation of many of functions of the Ministry for easy compliance of stakeholders and efficient monitoring.

[No.G-20018/14/2019-BGT Dated: 06.03.2020]

Comments of the Committee

(Please see Para No. 10 of Chapter I)

CHAPTER - III

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

NIL

CHAPTER - IV

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

NIL

CHAPTER - V

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

NIL

NEW DELHI
08 September, 2020
17 Bhadrapada, 1942 (Saka)

SHRI JAYANT SINHA,
Chairperson,
Standing Committee on Finance

Minutes of the Sixteenth sitting of the Standing Committee on Finance (2019-20)

**The Committee sat on Tuesday, the 8th September, 2020 from 1500hrs. to 1600 hrs
in Main Committee Room, Parliament House Annexe, New Delhi.**

PRESENT

Shri Jayant Sinha – Chairperson

LOK SABHA

2. Shri Subhash Chandra Baheria
3. Shri Vallabhaneni Balashowry
4. Smt. Sunita Duggal
5. Smt. Darshana Vikram Jardosh
6. Shri Manoj Kishorbhai Kotak
7. Shri Gopal Chinayya Shetty
8. Shri Manish Tewari
9. Shri Rajesh Verma

RAJYA SABHA

10. Shri Rajeev Chandrasekhar
11. Shri Amar Patnaik
12. Shri G.V.L Narasimha Rao
13. Smt. Ambika Soni

SECRETARIAT

1. Shri V.K Tripathi - Joint Secretary
2. Shri Ramkumar Suryanarayanan - Director
3. Shri Kulmohan Singh Arora - Additional Director
4. Shri Kh. Ginlal Chung - Under Secretary

PART I

(1500 hrs – 1545 hrs)

2.	XX	XX	XX	XX	XX	XX
	XX	XX	XX	XX	XX	XX.

PART II

(1545 hrs onwards)

3. The Committee thereafter took up the following draft reports for consideration and adoption:

- (i) Draft Report on the subject 'Financing the startup ecosystem'.
- (ii) Draft Action Taken Report on the recommendations contained in 1st Report on Demands for Grants (2019-20) of the Ministry of Finance (Departments of Economic Affairs, Financial Services, Expenditure and Investment and Public Asset Management).
- (iii) Draft Action Taken Report on the recommendations contained in 2nd Report on Demands for Grants (2019-20) of the Ministry of Finance (Department of Revenue).
- (iv) Draft Action Taken Report on the recommendations contained in 3rd Report on Demands for Grants (2019-20) of the Ministry of Corporate Affairs.
- (v) Draft Action Taken Report on the recommendations contained in 4th Report on Demands for Grants (2019-20) of the Ministry of Planning (NITI)
- (vi) Draft Action Taken Report on the recommendations contained in 5th Report on Demands for Grants (2019-20) of the Ministry of Statistics and Programme Implementation.
- (vii) Draft Action Taken Report on the recommendations contained in 7th Report on Demands for Grants (2020-21) of the Ministry of Finance (Departments of Economic Affairs, Financial Services, Expenditure and Investment and Public Asset Management).

- (viii) Draft Action Taken Report on the recommendations contained in 8th Report on Demands for Grants (2020-21) of the Ministry of Finance (Department of Revenue).
- (ix) Draft Action Taken Report on the recommendations contained in 9th Report on Demands for Grants (2020-21) of the Ministry of Corporate Affairs.
- (x) Draft Action Taken Report on the recommendations contained in 10th Report on Demands for Grants (2020-21) of the Ministry of Planning (NITI)
- (xi) Draft Action Taken Report on the recommendations contained in 11th Report on Demands for Grants (2020-21) of the Ministry of Statistics and Programme Implementation.
- (xii) Draft Action Taken Report on the 50th Report (16th Lok Sabha) on the subject "Review of NSSO and CSO and Streamlining Of Statistics Collection Machinery in the Country, including Management Information System for Project Monitoring/Appraisal"

After some deliberations, the Committee adopted the above draft Reports and authorised the Chairperson to finalise them and present the Report to the Hon'ble Speaker / Parliament.

The Committee then adjourned.

A verbatim record of the proceedings has been kept.

APPENDIX

(Vide Para 4 of the Introduction)

ANALYSIS OF THE ACTION TAKEN BY THE GOVERNMENT ON THE RECOMMENDATIONS CONTAINED IN THE THIRD REPORT OF THE STANDING COMMITTEE ON FINANCE (SEVENTEENTH LOK SABHA) ON DEMANDS FOR GRANTS (2019-20) OF THE MINISTRY OF CORPORATE AFFAIRS

	Total	% of total
(i) Total number of Recommendations	8	
(ii) Recommendations/Observations which have been accepted by the Government (vide Recommendation at Sl. Nos. 1,2,3,4,5,6,7 & 8)	8	100%
(iii) Recommendations/Observations which the Committee do not desire to pursue in view of the Government's replies	Nil	0.00
(iv) Recommendations/Observations in respect of which replies of the Government have not been accepted by the Committee	Nil	0.00
(v) Recommendations/Observations in respect of which final reply of the Government are still awaited	Nil	0.00