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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 Ninth Report of the Standing Committee on Finance on 'Demands for Grants (2020-21)]

TWENTIETH REPORT



**LOK SABHA SECRETARIAT
NEW DELHI**

September, 2020 / Bhadrapada, 1942 (Saka)

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(2019-2020)

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MINISTRY OF CORPORATE AFFAIRS

[Action taken by the Government on the recommendations contained in Ninth Report of the Standing Committee on Finance on 'Demands for Grants (2020-21)]

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 (2020-21)'

* 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 Twentieth Report on action taken by Government on the Observations / Recommendations contained in the Ninth Report of the Committee (Seventeenth Lok Sabha) on Demands for Grants (2020-21) of the Ministry of Corporate Affairs.

2. The Ninth Report was presented to Lok Sabha / laid on the table of Rajya Sabha on 12 March, 2020. The Action Taken Notes on the Recommendations were received from the Government *vide* their communication dated 11 June, 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 Ninth 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 9th Report (Seventeenth Lok Sabha) on Demands for Grants (2020-21) of the Ministry of Corporate Affairs which was presented to Lok Sabha / laid in Rajya Sabha on 12 March, 2020.

2. The Action Taken Notes have been received from the Government in respect of all the 5 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

(Total 5)
(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

NIL)

(Total
(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. 1)

5. The Committee note that budgetary allocation for the Ministry of Corporate Affairs for the fiscal 2020-21 has been enhanced by 28 per cent at Rs. 752.62 crore as compared to the previous years' BE allocation of Rs. 586.34 crore. The Ministry cited various reasons for seeking higher funds including setting up of new version of MCA21, new benches of NCLT,NCLAT and filling up of vacant posts in various offices of NCLT,NCLAT,IEPFA,NFRA etc. The Committee also note that the previous years' BE allocation of Rs. 586.34 crore was revised to Rs. 576 crore, out of which the Ministry has been able to absorb around 80 per cent till date. The Committee find that even with the downward revision in 2019-20, the Ministry is yet to fully absorb funds as was the case in earlier years with surrender of funds amounting to Rs. 12.42 crore in 2016-17, Rs. 60.37 crore in 2017-18 and Rs. 19.22 crore in 2018-19. The Committee hope that the Ministry would exercise due diligence in absorbing funds allocated and make concerted efforts towards efficacious utilization of the enhanced funds in 2020-21. In this regard, the Ministry must give priority to filling up vacant posts in bodies like NCLT,NCLAT,SFIO etc which are overloaded with cases and are in dire need of adequate support staff. The Ministry of Corporate Affairs could increase its spending on making its compliance and reporting portals even more user-friendly. The Committee notes that the Ministry has made many strides recently in making filing of various forms easy and simple. However, they can be improved further to reach world-class levels. The Committee recommends that the Ministry conduct regular workshops around the country to get structured feedback from stakeholders on filing requirements. This feedback could then be used to systematically upgrade the Ministry's portals on a continuous basis.

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

“(i)With regards to efficacious absorption and utilization of allocated funds, it is submitted that during 2019-20, the B.E. of Rs. 586.34 crore was reduced to Rs. 576.00 crore at R.E. stage against which the actual expenditure was Rs.562.11crore i.e. 97.59% of the R.E. and the same is given in a table below:-

(Rs. in crore)

Year	Budget Estimates	Revised Estimates	Actual Expenditure
2019-20	586.34	576.00	562.11 (97.59% of RE)
2020-21	727.62	-	-

As per the Expenditure Management Guidelines, dated 8.4.2020 of the Ministry of Finance, this Ministry has been restricted to spend only 15% of the Budget during the first quarter (i.e. April-June, 2020) of the financial year. However, the Ministry is taking steps to spend the entire budget during 2020-21, and it is closely monitoring progress of activities and utilisation of funds by each budgetary unit/ organisation by review meetings/field visits from time to time. Timely re-allocated funds through re-appropriation from one head to another for accomplishing the tasks will be ensured.

(ii) With regards to the priority for filling-up vacant posts in bodies like NCLT, NCLAT, SFIO, etc., it is submitted that the Ministry is making concerted efforts to fill-up all the vacant posts in these organisations.

(a) The NCLT (Recruitment, Salary and other Terms and Conditions of Service of Officers and other Employees) Rules, 2020 has been notified on 21.01.2020. Recruitment process has already been initiated to fill up vacant posts in NCLT;With appointment of all the Members in the Benches of the NCLAT recently, all the Benches of the NCLAT are functioning now;

(b) In the NCLT, besides the post of President, 62 posts of Members have been sanctioned. There are 45 members in position in the NCLT. The process for filling up the remaining posts is in advanced stage;

(c) In the SFIO, the working strength has been increased from 66 to 83 against the sanctioned strength of 133 and filling up of vacant posts on deputation and by Direct Recruitment is going on.

(d) That the Recruitment Rules of NFRA has been notified vide Gazette Notification No. G.S.R. 369(E) dated 16.5.2019. Recruitment process for direct recruitment has been started on 17.02.2020;

(e) the staff strength in the CCI has, now, improved as selection for some of the posts has recently been made and the over-all staff position is likely to improve once the selections are made to all the vacant posts soon through due process;

(f) regarding the requirement of additional specialised skill manpower in the IEPF Authority, a proposal for creation of additional posts with specialised skills required for the work of IEPF Authority has been prepared and is under consideration of the Government.

(iii) With respect to the observation of the Committee that the Ministry could increase its spending on making reporting portals for easy compliance and making reporting portals even more user- friendly, it is submitted that Rs.37.02 was spent for MCA-21 as against B.E. of Rs.36.06 crore for it during 2019-20 and Rs.125.69 crore has been allocated during 2020-21 for implementation of new version of MCA-21 i.e. Version 3 that will have advanced technology like AI/ML for easy compliance of stakeholders and user-friendly.

(iv) Regarding the recommendation of the Committee that the Ministry to conduct regular workshops and to get feedback from the stakeholders for continuous upgrading of the Ministry's portal, it is submitted that when the Bid Document of MCA-21 Version- 3 was prepared, industry wide consultations were held with various bodies like FICCI, ASSOCHAM, ICSI, ICAI and the feedbacks received therefrom are used while making new system MCA21 Version 3. The version 3 of

MCA21 also envisages mobile utility for certain services, use of Artificial Intelligence and Machine Learning for expeditious processing of name reservation and incorporation related forms. Further, version 3 of the MCA-21 will follow the principle of “**Single Source of Truth**”, in which 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.”

7. The Committee note that the Ministry's actual expenditure during 2019-20 is 97.59% of their Revised Estimates. The Committee hope that this fiscal discipline continues in the ongoing year 2020-21 as well, with the enhancement in funds from Rs. 576 crore (RE 2019-20) to Rs. 752.62 crore (BE 2020-21). The Committee would continue to emphasise on the urgent need of filling the wide gaps in human capital in various regulatory entities under the Ministry like NCLT,NCLAT,SFIO,CCI etc. and expect the Ministry to suitably equip and empower them so that they can steer regulation towards making the economy robust and smoothly mitigate the economic impact of the ongoing pandemic.

Recommendation (Serial No. 4)

8. The Committee note that the Competition Commission of India (CCI) has completed ten years of its operation in endeavouring to promote free and fair competition across different sectors of the economy. The Committee note that the total cases pending at the end of the year since its inception still number around 150. The Ministry have informed that out of the total sanctioned posts of 195, 73 posts are lying vacant and that the mode of recruitment in the office of the Director General (DG),CCI is only through deputation, where as many as 23 posts are lying vacant out of the 41

sanctioned. The Committee are alarmed to note that an important office like that of the DG, CCI is functioning with less than half of the required staff and even the post of DG is lying vacant. The Committee hope that the recommendation of the High Level Committee on review of Competition Act, 2002 for merger of DG office with CCI as per international practice would be implemented soon to get over the vacancy problem and thus improve the overall functioning of the Commission in the face of new developments like cross border mergers, sectoral overlaps, new business models and monopolistic business trends, e-commerce models etc.

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

"(i)With regard to implementation of the recommendation of the High Level Committee on review of Competition Act, 2002 - for merger of DG office with CCI - and thus improve the overall functioning of the Commission, etc., it is submitted that subsequent to the presentation of Report of the Competition Law Review Committee (CLRC) headed by Secretary, Corporate Affairs, the Ministry is already in the process of amending the existing Competition Act.

4(ii) The staff strength of DG CCI office has improved as selection has recently been made against 3 posts of Additional Director General and 2 posts of Joint Director General on deputation basis. Two of them have since joined (1 ADG and 1 JD) whereas other three persons are likely to join soon; Selection process for 14 vacant posts of Deputy Director General scheduled on 20.03.2020, had to be postponed due to COVID-19 pandemic. The same shall take place once the situation is normalized. Selection against the vacant post of DG, CCI is already under process in the Ministry. The eligibility conditions pertaining to experience for selection to the post have been relaxed after repeated attempts to fill up the post in recent past could not succeed.

Besides the above, (a) Selection against the vacant post of Secretary, CCI is under process, (b) Interview for selection against 10 vacant posts in CCI were required to be rescheduled because of COVID-19 pandemic; and (c) selection

against 15 vacant posts in CCI is under process. The over-all staff position is likely to improve once the selections are made through due process"

10. The Committee note that subsequent to the presentation of Report of the Competition Law Review Committee (CLRC), the Ministry is already in the process of amending the existing Competition Act and that the staff strength of DG, CCI office has improved and the over-all staff position is likely to improve once selections are made through due process. The Committee are of the view that along with the strengthening of manpower, the DG and the Competition Commission which endeavours to promote free and fair competition should keep a close watch on firms during the ongoing pandemic so that they refrain from unfair practices such as excessive pricing, limiting production or bundling non-essential products with essential products etc.

CHAPTER II

RECOMMENDATIONS / OBSERVATIONS THAT HAVE BEEN ACCEPTED BY THE GOVERNMENT

Recommendation Serial No.1

The Committee note that budgetary allocation for the Ministry of Corporate Affairs for the fiscal 2020-21 has been enhanced by 28 per cent at Rs. 752.62 crore as compared to the previous years' BE allocation of Rs. 586.34 crore. The Ministry cited various reasons for seeking higher funds including setting up of new version of MCA21, new benches of NCLT, NCLAT and filling up of vacant posts in various offices of NCLT, NCLAT, IEPFA, NFRA etc. The Committee also note that the previous years' BE allocation of Rs. 586.34 crore was revised to Rs. 576 crore, out of which the Ministry has been able to absorb around 80 per cent till date. The Committee find that even with the downward revision in 2019-20, the Ministry is yet to fully absorb funds as was the case in earlier years with surrender of funds amounting to Rs. 12.42 crore in 2016-17, Rs. 60.37 crore in 2017-18 and Rs. 19.22 crore in 2018-19. The Committee hope that the Ministry would exercise due diligence in absorbing funds allocated and make concerted efforts towards efficacious utilization of the enhanced funds in 2020-21. In this regard, the Ministry must give priority to filling up vacant posts in bodies like NCLT, NCLAT, SFIO etc which are overloaded with cases and are in dire need of adequate support staff. The Ministry of Corporate Affairs could increase its spending on making its compliance and reporting portals even more user- friendly. The Committee notes that the Ministry has made many strides recently in making filing of various forms easy and simple. However, they can be improved further to reach world-class levels. The Committee recommends that the Ministry conduct regular workshops around the country to get structured feedback from stakeholders on filing requirements. This feedback could then be used to systematically upgrade the Ministry's portals on a continuous basis.

Reply of the Government:

1(i) With regards to efficacious absorption and utilization of allocated funds, it is submitted that during 2019-20, the B.E. of Rs. 586.34 crore was reduced to Rs. 576.00 crore at R.E. stage against which the actual expenditure was Rs.562.11crore i.e. 97.59% of the R.E. and the same is given in a table below:-

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2020-21	727.62	-	-

As per the Expenditure Management Guidelines, dated 8.4.2020 of the Ministry of Finance, this Ministry has been restricted to spend only 15% of the Budget during the first quarter (i.e. April-June, 2020) of the financial year. However, the Ministry is taking steps to spend the entire budget during 2020-21, and it is closely monitoring progress of activities and utilisation of funds by each budgetary unit/ organization by review meetings/field visits from time to time. Timely re-allocated funds through re-appropriation from one head to another for accomplishing the tasks will be ensured.

1(ii) With regards to the priority for filling-up vacant posts in bodies like NCLT,NCLAT,SFIO,etc, it is submitted that the Ministry is making concerted efforts to fill-up all the vacant posts in these organisations.

(a) The NCLT (Recruitment, Salary and other Terms and Conditions of Service of Officers and other Employees) Rules, 2020 has been notified on 21.01.2020. Recruitment process has already been initiated to fill up vacant posts in NCLT;With appointment of all the Members in the Benches of the NCLAT recently, all the Benches of the NCLAT are functioningnow;

(b) In the NCLT, besides the post of President, 62 posts of Members have been sanctioned. There are 45 members in position in the NCLT. The process for filling up the remaining posts is in advanced stage;

(c) In the SFIO, the working strength has been increased from 66 to 83 against the sanctioned strength of 133 and filling up of vacant posts on deputation and by Direct Recruitment is going on.

(d) That the Recruitment Rules of NFRA has been notified vide Gazette Notification No. G.S.R. 369(E) dated 16.5.2019. Recruitment process for direct recruitment has been started on 17.02.2020; (e) the staff strength in the CCI has, now, improved as selection for some of the posts has recently been made and the over-all staff position is likely to improve once the selections are made to all the vacant posts soon through due process; (f) regarding the requirement of additional specialised skill manpower in the IEPF Authority, a proposal for creation of additional posts with specialised skills required for the work of IEPF Authority has been prepared and is under consideration of the Government.

1(iii) With respect to the observation of the Committee that the Ministry could increase its spending on making reporting portals for easy compliance and making reporting portals even more user-friendly, it is submitted that Rs.37.02 crore was spent for MCA-21 against B.E. of Rs.36.06 crore for it during 2019-20 and Rs.125.69 crore has been allocated during 2020-21 for implementation of new version of MCA-21 i.e. Version 3 that will have advanced technology like AI/ML for easy compliance of stakeholders and user-friendly.

1(iv) Regarding the recommendation of the Committee that the Ministry to conduct regular workshops and to get feedback from the stakeholders for continuous upgrading of the Ministry's portal, it is submitted that when the Bid Document of MCA-21 Version-3 was prepared, industry wide consultations were held with various bodies like FICCI, ASSOCHAM, ICSI, ICAI and the feedbacks received therefrom are used while making new system MCA21 Version 3. The version 3 of MCA21 also envisages mobile utility for certain services, use of Artificial Intelligence and Machine Learning for expeditious

processing of name reservation and incorporation related forms. Further, version 3 of the MCA-21 will follow the principle of “**Single Source of Truth**”, in which 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.

[Ministry of Corporate Affairs O.M No.G-20017/01/2020-BGT,Dated: 11.06.2020]

(For Comments of the Committee Please refer para No.7 of Chapter I)

Recommendation Serial No. 2

The Committee note that against its RE allocation of Rs. 22.05 crore for 2019-20, SFIO has utilised Rs. 17.49 crore which is 79.32 per cent till 14.02.2020. A cumulative total of 1171 prosecution cases have been filed by SFIO so far, out of which 456 cases were disposed and conviction has been secured for 325 cases, and 615 cases are still pending. The Committee find it alarming that in a key multi-disciplinary statutory investigative body like SFIO 37 per cent of posts are lying vacant, with only 84 out of the total 133 sanctioned posts in place at present. Given the quantum and complexity of case load and specialized skills required to handle the same, the Committee find that the vacancy rate is unacceptably high, with obvious consequences for the efficiency of the organisation.

Keeping in mind the fact that SFIO now has been vested with significant powers including that of arrest, the Committee desire that the Ministry should make sure that as a credible investigative body, SFIO remains well-equipped with professionally trained personnel with proven integrity. The Committee would also suggest that instead of relying only on deputationists, SFIO should also develop and nurture their own permanent, trained cadre at least upto middle-levels. SFIO must improve its performance standards and level of efficiency. It is also necessary that the personnel on the investigation and prosecution side are provided comprehensive training in all relevant areas/methodologies and are also adequately sensitized to legal jurisprudence.

The Committee note that the investigation wing of SFIO should be separated from the prosecution wing. For that purpose it would be prudent to create a separate directorate of prosecution, independent of the investigation wing. The Committee also suggest that Certified Fraud Examiner (CFE) professionals may be brought in to fill in the gaps in specialised manpower requirements in SFIO.

Reply of the Government

2(i) Regarding the observations/recommendations of the Committee to strengthen the skilled manpower in the SFIO, it is submitted that keeping in mind the large number of cases and the rising workload with greater complexity, all-out efforts are made to strengthen the workforce in SFIO. Officers with requisite expertise only are being selected, Special Security Allowance is now paid to the officers of SFIO which is a motivating factor. As on date, working strength has been increased from 66 to 83 as against the sanctioned strength of 133. Recently, offer of appointment on deputation have been given to 29 persons, out of which 22 persons have joined and remaining are likely to join soon. Further, 4 posts of Assistant have been filled up and two persons are likely to join in the remaining two vacant posts. The process of filling up of vacant posts on deputation (ISTC) and by Direct Recruitment is continuing.

2(ii) Regarding nurturing of permanent trained cadre at least upto middle-levels in the SFIO, it is submitted that for providing career opportunities to middle level officials who are recruited directly, and also to ensure progressive growth of officials in the number of 'permanent cadre', provision of 'appointment through promotion' has been made in the Recruitment Rules (RRs) of 36 higher grade posts. Thus, strength of permanent cadre officials will increase gradually. In this reference, recently, 3 officers who were initially appointed on direct recruitment, have been promoted to higher grade after completion of the mandatory residency period as per the applicable RRs.

2(iii) With regard to providing comprehensive skill training to the manpower in the SFIO, it is submitted that the officers of SFIO are being imparted training in investigation process through programmes being conducted by UNODC along with other agencies

such as ICAI, IICA etc. Progress of Investigations is closely monitored and reviewed by MCA so as to ensure quality of investigation and timely completion thereof.

2(iv) With regard to a suggestion of the Hon'ble Committee that the Investigation wing in the SFIO should be separated from its prosecution wing, it is submitted that a separate Prosecution Division independent of the Investigation wing, is already functioning in the SFIO. It is further to submit that Certified Fraud Examiner (CFE) is a professionally qualified and due recognition of such qualifications is taken at the time of recruitment of consultant, etc. Officers of SFIO are also encouraged to acquire additional relevant qualifications including that of CFE.

[Ministry of Corporate Affairs O.M.No.G-20017/01/2020-BGT, Dated: 11.06.2020]

Recommendation Serial No. 3

The Investor Education and Protection Fund (IEPF) Authority was set up with the objective of making refunds of unclaimed amounts to eligible shareholders and promote investor education, awareness and protection. Since the Authority has been made functional in 2016, the number of claims have increased manifold from 343 in 2016-17 to 4026 in 2017-18, 19188 in 2018-19 and 13075 in 2019-20 (till 31.01.2020). The total number of claims for which verification report is received in the Authority is 23,585, out of which only 8028 claims have been settled and as many as 15557 claims are still pending. The Committee note that 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 consideration of the Government and that 36 Company Secretaries are engaged on contract basis through Institute of Company Secretaries of India (ICSI) to assist the Authority in claim processing work. The Committee feel that in order to deal with the mounting claims, the Authority should strive towards the creation of an adequate and permanent cadre equipped with the specialised skills required. The Committee also hope that the Authority would find ways to simplify the process of settling claims for investors by making it

completely online with step by step instructions involving minimal documentation, thereby saving time and effort on both sides (i.e. investors and IEPF Authority)

Reply of the Government:

3(i) With reference to the recommendation of the Committee that speedy verification and settlement of claims by the IEPF Authority, it is submitted that “The Investor Education & Protection Fund (Accounting, Audit, Transfer and Refund) Rules 2016” as amended from time to time provides that the claims completed in all respects are required to be settled by the IEPF Authority within a period of 60 days. The Rules have been further amended vide GSR No. 571(E) dated 14.8.2019 to simplify the process of refund of claims filed with the Authority. The amended rules, inter-alia, provide for authentication of identity of claimant through online verification of PAN, an e-verification of claim by the Nodal Officer of the Company and online processing of claim by the IEPF Authority.

3(ii) Regarding simplification of the process of settling claims through online process, it is submitted that the process of claim processing has been made completely online in MCA-21 wherein the claimants can file simplified web form IEPF 5. After filing the online form, the same is transmitted online to the company for submitting the report before the claim is approved in the MCA-21 by the Authority. The documents required to be submitted have been specified in the schedules to IEPF Rules and are filed in online along with the claim form thus reducing the delays on account of postal deliveries etc. Timelines have been prescribed for submission of verification along with the documents by the Company. With the introduction of the online system, the settlement of claims is expedited. So far, the authority has approved 8,602 claims and has refunded 64,66,919 shares (Approx. Rs.350 Cr) and amount of Rs. 9,39,00,162 to the claimants.

3(iii) With regard to creation of adequate specialised skills permanent cadre in the IEPFA, it is submitted that for handling the increased work load, the proposal for creation of additional posts based on the recommendation of R. S. Sahoo Committee has been prepared and is under consideration of Government which envisages recruitment of persons with specialised skills required for the work of IEPF Authority.

Recommendation Serial No. 4

The Committee note that the Competition Commission of India (CCI) has completed ten years of its operation in endeavouring to promote free and fair competition across different sectors of the economy. The Committee note that the total cases pending at the end of the year since its inception still number around 150. The Ministry have informed that out of the total sanctioned posts of 195, 73 posts are lying vacant and that the mode of recruitment in the office of the Director General (DG), CCI is only through deputation, where as many as 23 posts are lying vacant out of the 41 sanctioned. The Committee are alarmed to note that an important office like that of the DG, CCI is functioning with less than half of the required staff and even the post of DG is lying vacant. The Committee hope that the recommendation of the High Level Committee on review of Competition Act, 2002 for merger of DG office with CCI as per international practice would be implemented soon to get over the vacancy problem and thus improve the overall functioning of the Commission in the face of new developments like cross border mergers, sectoral overlaps, new business models and monopolistic business trends, e-commerce models etc.

Reply of the Government:

4(i) With regard to implementation of the recommendation of the High Level Committee on review of Competition Act, 2002 - for merger of DG office with CCI - and thus improve the overall functioning of the Commission, etc., it is submitted that subsequent to the presentation of Report of the Competition Law Review Committee (CLRC) headed by Secretary, Corporate Affairs, the Ministry is already in the process of amending the existing Competition Act.

4(ii) The staff strength of DG CCI office has improved as selection has recently been made against 3 posts of Additional Director General and 2 posts of Joint Director General on deputation basis. Two of them have since joined (1 ADG and 1 JD) whereas other three persons are likely to join soon; Selection process for 14 vacant posts of

Deputy Director General scheduled on 20.03.2020, had to be postponed due to COVID-19 pandemic. The same shall take place once the situation is normalized. Selection against the vacant post of DG, CCI is already under process in the Ministry. The eligibility conditions pertaining to experience for selection to the post have been relaxed after repeated attempts to fill up the post in recent past could not succeed.

Besides the above, (a) Selection against the vacant post of Secretary, CCI is under process, (b) Interview for selection against 10 vacant posts in CCI were required to be rescheduled because of COVID-19 pandemic; and (c) selection against 15 vacant posts in CCI is under process. The over-all staff position is likely to improve once the selections are made through due process.

[Ministry of Corporate Affairs O.M. No.G-20017/01/2020-BGT,Dated: 11.06.2020]

(For Comments of the Committee Please refer para No.10 of Chapter I)

Recommendation Serial No. 5

The Committee note that the National Company Law Tribunal (NCLT) and the National Company Law Appellate Tribunal (NCLAT) were constituted in 2016 through the provisions of the Companies Act, 2013 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 5345 pending cases were transferred from the Company Law Board (CLB) to NCLT on its formation and as on 31.12.2019, 62,127 cases have been received by NCLT, out of which a huge pile-up of 20,542 cases are still pending. With regard to staffing, the Ministry have informed that 11 members of the NCLAT are in position while in NCLT, only 48 members out of the sanctioned strength of 63 members are in position right now, and as far the staff is concerned, only a meagre 44 out of the 320 regular sanctioned strength are in position. In view of the fact that the Recruitment Rules are now ready, the Committee would expect that the full strength of the members as well as regular staff would be in position within the next Financial Year. The Committee also suggest that the existing threshold of Rs. 1 lakh

may be suitably increased so that minor issues can be handled in other fora, which can reduce the burgeoning workload of the NCLT benches to enable them to focus on urgent matters and big-ticket insolvency cases.

Reply of the Government:

5(i) With regard to disposal of pending cases in the NCLT, it is submitted that disposal and pendency of cases in NCLT as on 30.04.2020 was as under:-

Cases received from erstwhile Company Law Board:	5,345
Cases received on transfer from High Courts upto 30.04.2020:	4,182
Fresh cases filed with NCLT upto 30.04.2020:	57,420
Disposal of cases from 01.06.2016 till 30.04.2020:	45,696
Pendency of cases as on 30.04.2020:	21,251

5(ii) With regard to strengthening the NCLAT with manpower, it is submitted that apart from the post of Chairperson, 11 posts of Members have been sanctioned. All the 11 posts of Members (5 Judicial Members + 6 Technical Members) have, now, been filled up and all the Benches in the NCLAT are functioning now. As regards Chairperson of the NCLAT is concerned, consequent on completion of the term of Office of Hon'ble Mr. Justice S.J. Mukhopadhyay as Chairperson, NCLAT on 15.03.2020, Hon'ble Mr. Justice Bansilal Bhat, Member (Judicial) is, now, functioning as the Acting Chairperson of NCLAT. Search-cum-Selection Committee as provided in Tribunal, Appellate Tribunal and other Authorities (Qualifications, Experience and other Conditions of Service of Members) Rules, 2020 has been constituted under the Chairpersonship of Chief Justice of India to recommend the name of new Chairperson, NCLAT. Government has sanctioned 59 regular posts of Officers/Staff in the NCLAT. Recruitment Rules in respect of these posts have been notified on 21.01.2020. Necessary action has been initiated to fill-up these posts on regular basis as per the notified Recruitment Rules.

5(iii) With reference to strengthening of manpower in the NCLT, it is submitted that apart from the post of President, 62 posts of Members have been sanctioned. Considering the workload of NCLT and with a view to faster disposal of cases, last year, 28 new members (11 Judicial and 17 Technical) were appointed in the NCLT, bringing

the total number of members from 24 to 52. After superannuation/resignation of some members, presently 45 Members (22 Judicial and 23 Technical) are in position in the NCLT. The process of filling up the remaining posts has already been initiated, which is in advanced stage. As regards President of the NCLT is concerned, consequent on completion of the term of Office of Hon'ble Mr. Justice M.M. Kumar as President, NCLT, Mr. B.S.V. Prakash Kumar, Member (Judicial) is, now, functioning as the Acting President of NCLT. Chief Justice of India has been requested to recommend the name of new President, NCLT as required in Companies Act, 2013. Government has sanctioned 320 regular posts of Officers/Staff in the NCLT. Recruitment Rules in respect of these posts have been notified on 21.01.2020. Necessary action has been initiated to fill- up these posts on regular basis as per the notified Recruitment Rules.

5(iv) Prior to notification of the Recruitment Rules, NCLT and NCLAT have been appointing officers/staff on deputation basis on the basis of draft RR. 26 staff working in erstwhile CLB have also been transferred to NCLT and NCLAT (22 and 4 respectively). 38 staff working in COMPAT have been transferred to NCLAT. In addition, posts of 13 Account Officers/Senior Accountants in NCLT and 3 in NCLAT have been encadred. Till the regular posts are filled up, approval has been granted to NCLT and NCLAT for engaging sufficient officers/staff on contractual basis to carry on their functions. To assist the benches, approval has been granted for engagement of Law Research Associates (LRA) in NCLT, which are being engaged progressively upon joining of Members. The number of posts on contractual/outsourced basis has been increased from time to time. As of now, approval for 725 posts on contract/outsourcing basis has been given to NCLT. In addition approval to engage 3 LRA for one court of two members (total 93 for 62 Members) has also been given.

5(v) As regards increasing the existing threshold limit of Rs. 1 lakh is concerned, this Ministry, vide Notification S.O. 1205(E) dated 24.03.2020, has already specified Rs. 1 crore as the minimum amount of default for the purpose of Section 4 of the Insolvency and Bankruptcy Code, 2016.

[Ministry of Corporate Affairs O.M. No.G-20017/01/2020-BGT, Dated: 11.06.2020]

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;
8 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 NINTH REPORT OF THE STANDING COMMITTEE ON FINANCE (SEVENTEENTH LOK SABHA) ON DEMANDS FOR GRANTS (2020-21) OF THE MINISTRY OF CORPORATE AFFAIRS

	Total	% of total
(i) Total number of Recommendations	5	
(ii) Recommendations/Observations which have been accepted by the Government (vide Recommendation at Sl. Nos. 1,2,3,4 & 5)	5	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