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**STANDING COMMITTEE ON FINANCE
(2021-22)**

SEVENTEENTH LOK SABHA

MINISTRY OF CORPORATE AFFAIRS

**DEMANDS FOR GRANTS
(2022-23)**

FORTY SECOND REPORT



**LOK SABHA SECRETARIAT
NEW DELHI**

March, 2022 / Phalguna, 1943 (Saka)

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(SEVENTEENTH LOK SABHA)

MINISTRY OF CORPORATE AFFAIRS

**DEMANDS FOR GRANTS
(2022-23)**

Presented to Lok Sabha on March, 2022

Laid in Rajya Sabha on March, 2022



**LOK SABHA SECRETARIAT
NEW DELHI**

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COMPOSITION OF STANDING COMMITTEE ON FINANCE (2021-22)

Shri Jayant Sinha - Chairperson

MEMBERS

LOK SABHA

2. Shri S.S. Ahluwalia
3. Shri Sukhbir Singh Badal
4. Shri Subhash Chandra Baheria
5. Shri Shrirang Appa Barne
6. Dr. Subhash Ramrao Bhamre
7. Smt. Sunita Duggal
8. Shri Gaurav Gogoi
9. Shri Sudheer Gupta
10. Shri Manoj Kotak
11. Shri Pinaki Misra
12. Shri Ravi Shankar Prasad
13. Prof. Sougata Ray
14. Shri P.V Midhun Reddy
15. Shri Gopal Shetty
16. Dr. (Prof.) Kirit Premjibhai Solanki
17. Shri Parvesh Sahib Singh
18. Shri Manish Tewari
19. Shri Bala Showry Vallabhaneni
20. Shri Rajesh Verma
21. *Vacant*

RAJYA SABHA

22. Shri Ahmad Ashfaque Karim
23. Shri Sushil Kumar Modi
24. Shri A. Navaneethakrishnan
25. Shri Praful Patel
26. Dr. Amar Patnaik
27. Shri Mahesh Poddar
28. Dr. C.M. Ramesh
29. Shri G.V.L Narasimha Rao
30. Dr. Manmohan Singh
31. Smt. Ambika Soni

SECRETARIAT

1. Shri Siddharth Mahajan - Joint Secretary
2. Shri Ramkumar Suryanarayanan - Director
3. Shri Kulmohan Singh Arora - Additional Director
4. Ms. Melody Vungthiansiam - Committee Officer

INTRODUCTION

I, the Chairperson of the Standing Committee on Finance, having been authorised by the Committee, present this Forty Second Report (Seventeenth Lok Sabha) on 'Demands for Grants (2022-23)' of the Ministry of Corporate Affairs.

2. The Demands for Grants (2022-23) of the Ministry of Corporate Affairs were laid on the Table of the House on 7 February, 2022 under Rule 331E 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 24 February, 2022. 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 (2022-23).

4. The Committee considered and adopted this Report at their Sitting held on 14 March, 2022.

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

New Delhi;
14 March, 2022
23 Phalguna, 1943 (Saka)

SHRI JAYANT SINHA,
Chairperson
Standing Committee on Finance

REPORT

I. INTRODUCTORY

The mandate of the Ministry of Corporate Affairs (MCA), inter alia, includes the administration of a wide range of statutes for the regulation of the corporate sector, as given below:

- (i) The Companies Act, 2013/ The Companies Act, 1956
- (ii) The Limited Liability Partnership Act, 2008
- (iii) The Competition Act, 2002
- (iv) The Insolvency & Bankruptcy Code, 2016
- (v) The Chartered Accountants Act, 1949
- (vi) The Cost and Works Accountants Act, 1959
- (vii) The Company Secretaries Act, 1980
- (viii) The Societies Registration Act, 1860 and Indian Partnership Act, 1932 (in centrally administered areas)
- (ix) The Companies (Donations to National Funds) Act, 1951

II. FUNCTIONS

2. The main responsibilities of the Ministry are as follows:

- (i) Administration of the provisions of Companies Act, 2013
- (ii) Notification of remaining sections of Companies Act 2013
- (iii) Formulation of Rules and Regulations under various statutes administered by the Ministry
- (iv) Convergence of Indian Accounting Standards with International Financial Reporting Standards (IFRS)
- (v) Implementation of Competition Act through the Competition Commission of India (CCI)
- (vi) Implementation of e-Governance in MCA
- (vii) Building systems for early detection of irregularities in corporate functioning
- (viii) Conducting Investor Education and Awareness Programmes
- (ix) Investigation of serious frauds through the Serious Fraud Investigation Office (SFIO)
- (x) Management of the cadre of Indian Corporate Law Service (ICLS)
- (xi) Administrative support to attached organizations, namely, IICA, SFIO, CCI, NCLT, NCLAT, IBBI

3. The MCA implements these tasks successfully with the help of its attached and subordinate offices/autonomous organisations including Quasi-Judicial Bodies across the country. These include seven offices of Regional Directors, seventeen offices of Registrar of Companies(ROCs), nine offices of Registrar of Companies-cum-Official Liquidators (ROC-cum-OLs), fourteen offices of Official Liquidators(OLs), five statutory bodies viz. (i) Serious Fraud Investigation Office (ii) Competition Commission of India(CCI) (iii) Insolvency and Bankruptcy Board of India(IBBI) (iv) National Financial Reporting Authority(NFRA) (v) Investor Education & Protection Fund (IEPF)Authority, two Quasi-Judicial Bodies viz. (i) National Company Law Tribunal (NCLT) (ii) National Company Law Appellate Tribunal(NCLAT), one Autonomous Body viz. Indian Institute of Corporate Affairs (IICA) and two Central Sector Schemes viz., (i) Corporate Data Management(CDM) (ii) Charnpion Sector Scheme i.e. "GST Account Assistant".

III. BUDGETARY ALLOCATIONS AND UTILISATION

4. The grants of the Ministry of Corporate Affairs in Demand No.17 provides for development, operation and maintenance of basic infrastructure including software development as well as meeting the salary and related expenditure of the Secretariat of the Ministry of Corporate Affairs and its attached, subordinate offices, quasi-judicial, statutory bodies and autonomous institutions. Total funds sought by the Ministry for BE 2022-23 was Rs. 860.43 crore against which Rs. 733.02 crore has been allocated in BE 2022-23. Out of the total BE allocation, Rs. 693.02 crore is under Revenue Head and Rs. 40.50 crore is under Capital Head.

5. A summary of Demands for Grants of the Ministry of Corporate Affairs from 2018-19 is as under:-

(₹in crore)

Year	Budget Estimates			Revised Estimates			Actual Expenditure			Surrender		
	Capital	Revenue	Total	Capital	Revenue	Total	Capital	Revenue	Total	Capital	Revenue	Total
2018-19	26.50	537.65	564.15	36.00	558.98	594.98	35.97	544.45	580.42	0.00	19.22	19.22
2019-20	41.00	545.34	586.34	12.50	563.50	576.00	12.45	549.66	562.11	28.50	15.52	44.02*
2020-21	52.00	675.62	727.62	35.22	644.78	680.00	33.37	618.17	651.54	18.46	11.82	30.28
2021-22	51.00	661.13	712.13	40.30	619.45	659.74	10.56	421.42	479.18[^]	-	-	-
2022-23	40.50	693.02	733.02	-	-	-	-	-	-	-	-	-

*Out of total surrender amount of Rs. 44.02 crore, Rs. 38.84 crore was technical surrender in respect of Supplementary grants under first batch (Rs.12.85 crore), second batch (Rs.5.51 crore) and decrease of Budget at RE Stage (Rs. 10.34 crore). The surrender of fund of 2nd supplementary was due to non-availability of enough savings in the Capital Section (10.14). Hence, actual surrender (Total surrender amount (Rs.44.02 cr - technical surrender (Rs.38.84 cr.) is Rs. 5.18 crore during 2019-20.

[^] upto 22.02.2022

2018-19: Total budget was Rs.564.15 crore which was subsequently increased to Rs.594.98 crore at R.E. stage. The actual expenditure was Rs.580.42 crore (i.e. 97.76%) and the amount surrendered was Rs.19.22 crore (i.e. 3.23% of the R.E.).

2019-20: Total B.E. for the MCA is Rs. 586.34 crore which has been reduced to Rs.576.00 crore at R.E. stage. The actual expenditure was Rs. 562.11 crore (i.e. 97.58%). The amount surrendered was Rs. 44.02 crore including technical surrender of Rs.38.84 crore and the actual surrender was Rs. 5.18 crore as mentioned above.

2020-21: Total B.E. for the MCA is Rs. 727.62 crore which has been reduced to Rs.680.00 crore at R.E. stage. The actual expenditure was Rs. 651.54 crore (i.e. 95.81%). The amount surrendered was Rs. 30.28 crore (i.e. 4.45 % of R.E.).

6. The Ministry in a written note have informed that the amounts surrendered was due to the effect of Covid 19 in the Financial Year 2020-21. Besides this, monthly financial restriction of 5% was in place till allocation of RE 2020-21. Moreover, various bills expected from the vendors in the last month of the financial year 2020-21, could not be received because of Covid 19 which resulted in the increase of surrender in financial year 2020-21.

7. Regarding the main areas where budget for 2022-23 is proposed to be utilized, the Ministry in a written reply stated:

" The main areas where the budget is proposed to be utilized:-

- (i) Deploying the Version 3.0 of MCA 21 portal in phases.
- (ii) Renovation of various buildings hired for running subordinate and attached offices of the Ministry.
- (iii) Rent & Taxes for hired buildings.
- (iv) Filling up vacant posts in the offices of the NCLT, NCLAT, IEPF Authority, NFRA etc.
- (v) Construction of Corporate Bhawan at Kolkata.
- (vi) Advertising for Investor Awareness and claim settlements by IEPF Authority.
- (vii) IBC-21 Project of IBBI
- (viii) Procurement of various sophisticated tools for Computer Forensic and Data Mining Laboratory (CFDML) and also to upgrade the CFDML unit of SFIO."

8. With regard to reasons for the reasons for delay in utilisation of funds allocated, the Ministry in a written reply stated:

"The actual expenditure of this Ministry as on 21.01.2022 is Rs. 431.98 crore (65.47 %), out of Rs. 659.75 crore allocated under RE 2021-22 by Ministry of Finance (MoF). Two main reasons for delay in utilization of funds are:- (i) This Ministry has been restricted to spend 20% of total BE 2021-22 (i.e. Rs. 712.13 crore) during 2nd quarter, 2021-22 as an austerity measures on account of Covid-19 pandemic (in terms the Expenditure Management Guidelines w.r.t. MEP/QEP), dated 30.06.2021, issued by the Ministry of Finance; (ii) 2nd wave of Covid-19 during April-June 2021 has adversely affected various activities.

The expenditure ceiling was relaxed for 4th quarter, 2021-22 and the level of expenditure during this period has gone up considerably. Actual expenditure as on 16.02.2022 is Rs. 468.73 crore i.e. 71.04%"

9. During the course of evidence, the representative of Ministry of Corporate Affairs stated as under:

"During the last three years, on an average we are spending around 96-97 per cent. This year we have reached up to 73 per cent. But we are very hopeful that we will be able to reach more than 95 per cent. We could not make much

expenditure in the initial months because of, maybe, the impact of COVID, and then filling up of posts which are there with us in some of the organisations."

10. On being asked how the Ministry hope to reach 95 per cent expenditure when only one month is left, the representative of Ministry of Corporate Affairs during the course of evidence stated as under:

"Some of the expenditure on capital works is going to take place now. Then, during the second quarter, there was some restriction on the amount which we are supposed to spend, which has been relaxed in this present quarter. Then, we have been able to fill up some vacancies. That will also entail expenditure. We have reviewed it. Our Secretary has also reviewed it. We are hopeful that we will be able to reach 95 per cent as a whole.... Some of the modules of the MCA21 version 3 are getting rolled out in March. So, the expenditure is back-ended towards the month of March. So, in the month of March, we will expect a good expenditure on e-Governance which is our major Head of expenditure."

IV. ISSUES RELATED TO MINISTRY OF CORPORATE AFFAIRS

A. Registrar of Companies (ROCs)

Budget Utilization:

(₹ in crore)			
Year	BE	RE	Actuals
2019-20	59.47	63.44	59.69
2020-21	59.62	59.54	56.36
2021-22	65.77	66.46	53.19*
2022-23	70.27	-	-

*as on 18.02.2022

11. The Ministry in a written reply have given the following details regarding the number of companies registered and closed:

Summary statement on Companies in India as on 31 st December, 2021		
1	Companies registered as on 31 st December, 2021	22,76,448
2	Number of Closed Companies	7,87,953
i	No. of companies Liquidated/ Dissolved	11,152
ii	No. of Companies Defunct/ Struck-off (Section 248 of CA, 2013)	7,27,953
iii	No. of Companies Amalgamated/ Merged	28,370
iv	No. of Companies Converted to LLP and Dissolved	4,876
3	Number of Companies lying dormant U/s 455 of Companies Act, 2013	2,355
4	Number of Companies under Liquidation	7,014
5	Number of Companies which are under the process of Strike-off under Section 248 of CA, 2013	34,554
6 (1-2-3-4-5)	Number of Active Companies	14,44,572

Filings of application in respect of incorporation of companies and their voluntary exit and their processing is online on MCA 21. Ministry has established Central Registration Centre (CRC), for processing applications filed for incorporation of companies and LLPs. With the establishment of CRC, the companies and LLPs are getting incorporated on an average within 1 day, if applications for incorporation are filed along with all the required documents. MCA has introduced SPICe+ form for Companies Incorporation. SPICe+ is an integrated Web Form. Spices+ has two parts viz.: Part A-for Name reservation for new companies and Part B (AGILE PRO - S) offering a bouquet of services viz. (i) Incorporation (ii) DIN allotment (iii) Mandatory issue of PAN (iv) Mandatory issue of TAN (v) Mandatory issue of EPFO registration (vi) Mandatory issue of ESIC registration (vii) Mandatory issue of Profession Tax registration (Maharashtra, Karnataka and West Bengal) (viii) Mandatory Opening of Bank Account for the Company and (ix) Allotment of GSTIN (if so applied for) (x) Shops and Establishment Registration for Delhi.

MCA has integrated with 9 major banks to provide a bank account at the time of incorporation. These are State Bank of India, Punjab National Bank, HDFC Bank, Kotak Bank, Bank of Baroda, UBI, IndusInd Bank, Axis Bank and ICICI Bank.

MCA is also in the process of establishing C-PACE (Centre for Processing Accelerated Corporate Exit) to expedite processing of applications filed for voluntary closure of Companies. Right now, STK-2 forms relating to voluntary exit, are processed electronically by RoCs in different states. In C-PACE the process will get centralised. This will facilitate expeditious exit to the corporates from business."

12. On the progress with regard to implementation of version 3 of MCA21, the Ministry submitted in a written reply as under:

"MCA 21 Version 3 has been planned to be rolled out in phases. Phase 1 of MCA21 Version 3.0 was launched on 26th May 2021 with revamped Website, E-Book, E-Consultation Module and e-Mail system for use of MCA Officers. Learning Management System (LMS) has been deployed on 15th October, 2021, Content Delivery Network on 15th November 2021 and Network Migration to Version 3 from earlier Version 2 has taken place on 23rd November 2021. The next phase of launch is planned from March 2022 with the roll out of LLP Module in the first week of March 2022. E-Adjudication Module, Websites for CSR and IEPFA, Compliance Management System and Enforcement Modules are expected to be launched by last week of March 2022. Company Module is planned to be launched by April – May 2022."

B. Serious Fraud Investigation Office (SFIO)

13. The Serious Fraud Investigation Office (SFIO) is a multi-disciplinary investigating agency set up in the Ministry of Corporate Affairs through a resolution dated 02.07.2003 with the objective to investigate serious corporate frauds. The Companies Act, 2013, *inter alia*, has accorded statutory status to SFIO and its functions and powers have been enhanced substantially through enabling provisions in the Act. The Agency has experts from diverse fields like banking, capital markets, corporate law, forensic audit, taxation, information technology work together to unravel corporate frauds. It is headed by a Director, in the rank of Joint Secretary to the Government of India. The Director is assisted by Additional Directors, Joint Directors, Deputy Directors, Senior Assistant Directors, Assistant Directors, Prosecutors and other secretarial staff. The Headquarter of SFIO is at New Delhi, with five Regional Offices at Mumbai, New Delhi, Chennai, Hyderabad and Kolkata.

14. Funds allocated under Serious Fraud Investigation Office (SFIO)

(in crores)

Year	BE	RE	Actuals
2019-20	24.36	22.05	21.87
2020-21	23.05	27.14	27.80
2021-22	29.23	36.13	30.99*
2022-23	40.14	-	-

*as on 22.02.22

15. On the reasons for upward revision of allocation in 2021-22 and increase in allocation of funds for 2022-23, the Ministry in a written reply stated as under:

" The reasons for upward revision of allocation in 2021-22 has been due to:

- a) There was major increase in head RRT due to payment of rent/arrears of rent of rented accommodation for RO Mumbai /Kolkata.
- b) There was increase in head Office Expenses due to engagement of additional outsource staff during this period.
- c) There was also increase in head Advertising and publicity due to repeated advertisements of various vacant posts and other Court matters.

The reasons for increase in allocation for 2022-23 are as under:

- a) It is expected that most of the vacant posts would be filled up during the year, requiring increased allocation under the head 'salaries' warranted. Further, commensurate increase under the head "office Expenses" would be required.
- b) This office has already planned for engaging CA firms and Law firms to assist the investigation teams and the prosecution divisions. Some of CA firms recently engaged and engagement of Law firms is in process. As such, increased allocation is warranted under the head "Professional Services".
- c) Upgradation of forensic lab to be taken up which requires installation of hardware and software /analytical tools so as to assist the investigation teams, for which upward allocation is required under the head "information Technology".

16. On the details of cases taken up in SFIO, the Ministry in a written reply stated as under:

"Details of cases assigned and completed during the last years is as under:

FY	Investigation Assigned		Investigation completed	
	cases	Companies	cases	Companies
2018-19	33	414	13	79
2019-20	26	326	14	356
2020-21	20	69	07	25
2021-22 (as on 15.02.2022)	12	55	11	13

As on date, there are 94 investigation cases in progress, involving 720 companies; 02 cases involving 11 companies are under stay orders of courts

Details of prosecution cases is as under:

No. of complaints filed	No of complaints		Successfully prosecuted (percentage)
	Disposed	Conviction secured out of disposed of cases	
1194	471	339	71.97%

17. On being asked about the reasons for delay in disposal of prosecution cases, the Ministry in a written reply stated:

" Reasons for delay in disposal of prosecution cases is as under:

- a) It is submitted that after filing of the case with the concerned courts the judicial procedure is required to be followed. The procedure for a criminal prosecution consists of multiple stages such as Pre-summoning evidence, Service of

summons to accused persons, cognizance, Pre-charge evidence, Cross examination, Arguments etc.. Till one stage is completed for all accused persons the court cannot proceed to the next stage against any of accused persons.

- b) SFIO Investigation reports are very detailed and are accompanied by thousands of annexures and leading evidence for such voluminous documents is a time taking process.
- c) It is further submitted that the number of accused persons in most investigation reports is more than 100 and hence service of summons etc. and leading evidence for so many accused persons involved multiple hearings.
- d) Various accused persons challenge orders of the Hon'ble Court up to the High Court, Hon'ble Supreme Court and at times stay is also imposed on further proceedings till outcomes of such matter.

The designated Special Courts under Companies Act 2013, Companies Act 1956 are also dealing with other criminal matters and hence the judicial time is devoted to other matters also."

18. With regard to efforts made to fill up vacancies, the Ministry during the course of evidence submitted as under:

- Special Security Allowance granted @ 20% to incentivize posting
- Cadre restructuring approved by DoE – Additional 105 posts created – to be filled up over 2 years
- Advertisement published for filling up 75 vacant posts on deputation
- Proposal for filling up 5 deputation posts submitted and 5 more posts to be submitted on 23.02.2022 with UPSC under the 'Single Window' system.
- Proposal for filling up 5 Direct Recruitment(DR) posts already submitted to UPSC/SSC.
- Proposal for filling up 32 Direct Recruitment (DR) posts being submitted to UPSC under the 'Single Window' system

19. On the status of permanent cadre, Deputation and Encadereed Posts, the Ministry during the course of evidence submitted:

TOTAL SANCTIONED POSTS -238		
Posts under direct recruitment (75)	Posts to be filled on encadernent basis (16)	Posts to be filled on deputation/promotion basis (147)
30 posts filled up	11 posts filled up	51 posts filled up
45 vacancies	05 vacancies	96 vacancies

C. National Company Law Tribunal (NCLT)

20. The constitution of National Company Law Tribunal (NCLT) and National Company Law Appellate Tribunal (NCLAT) have been notified on 1st June, 2016. These bodies have been constituted for faster resolution of corporate disputes and reducing the multiplicity of agencies thereby promoting 'ease of doing business' in the country. With the constitution of NCLT, the Company Law Board (CLB) stands dissolved and cases pending with CLB were transferred to NCLT. The Competition Appellate Tribunal (COMPAT) has also ceased to exist and the appellate function under the Competition Act, 2002 is now conferred to the NCLAT.

Allocation of funds under NCLT

Year	BE	RE	(in crores)
			Actuals
2019-20	52.15	60.53	63.34
2020-21	69.13	78.92	77.23
2021-22	84.01	83.24	67.27*
2022-23	89.36	-	-

*as on 16.02.2022

21. Regarding increase in allocation of funds for NCLT, the Ministry in a written reply stated as under:

"NCLT was established on 01.06.2016 and it is a new body and is still evolving. Government is taking all necessary steps to improve the functioning of NCLT. So, the allocation for NCLT is increasing over the years due to increased administrative expenditure on account of establishment of new benches, appointment of Members, recruitment of employees, implementation of e-court projects, wages of outsourced and contractual employees, etc. NCLT is also generating revenue in the form of court fees."

22. On being asked about the latest status of institution, disposal and pendency of cases, the Ministry in a written reply furnished the following information:

"On formation of NCLT on 01.06.2016, 5,345 cases pending with CLB were transferred. Till 31.12.2021, 4,245 other cases were received on transfer and 72,435 cases were filed fresh, bringing the total cases with NCLT to 82,025. Out of these, 61,243 cases have been disposed and 20,782 cases are pending as on 31.12.2021. In spite of relative newness of the tribunal and large number of filings and transferred cases, the NCLT has commendably performed in last five and half years."

23. On the pendency of cases in NCLT age-wise, the Ministry in a written reply stated:
 " Period of pendency of cases in NCLT, as on 31.12.2021, is as follows.

Type of cases	Less than 3 months	3 to 6 months	6 to 9 months	9 to 12 months	More than one year
IBC	1465	1348	1491	1792	7115
M&A	333	178	164	197	168
Others	1000	564	527	537	3903
Total	2798	2090	2182	2526	11186

24. Regarding the issue of staffing and manpower shortage in NCLT and NCLAT, the Ministry in a written reply stated as under:

" The benches of NCLT are being established in a phased manner taking into account the availability of workload, physical infrastructure, members and other supporting staff etc. Initially one Principal Bench at New Delhi and 10 jurisdictional benches at 10 locations viz New Delhi, Ahmedabad, Allahabad, Bengaluru, Chandigarh, Chennai, Guwahati, Hyderabad, Kolkata and Mumbai were established. In 2018, Benches at Cuttack, Jaipur and Kochi were notified. In 2019, Benches at Amaravati and Indore were also notified bringing the total number of jurisdictional Benches to 15. More than one court in the Benches where large number of cases are pending, such as Mumbai, Delhi, etc. Regarding the availability of Members, it is stated that filling up of vacancies of Members is a dynamic process and vacancies are filled from time to time. Government has recently appointed 20 Members (11 Judicial Members and 9 candidates as Technical Members), based on the recommendations of the Selection Committee. For remaining 15 vacancies, the process has been initiated and a Selection Committee provided in Section 412 (2) of the Companies Act, 2013 has been constituted under the chairmanship of Hon'ble Chief Justice of India. As decided in the meeting of the Committee held on 09.10.2021, a vacancy circular for filling up of 15 vacant posts of Members in NCLT was issued on 13.10.2021. The applications received are under consideration of the Selection Committee and further action will be taken as per directions of the Committee in accordance with Section 412 (4) of the Companies Act, 2013. The process for recruitment of officers and staff as per notified Recruitment Rules (on deputation, promotion and direct recruitment basis) has also been initiated by NCLT, though the COVID pandemic affected the process in 2020-2021."

25. During the course of evidence, the Ministry of Corporate Affairs submitted the following data as on 31.12.2021:

Status of Appeals

Tribunal	No. of cases filed	No. of cases decided	No. of cases pending
NCLT	82025	61243	20782
NCLAT	7355	5263	2092

Status of posts

Tribunal	Posts	Sanctioned	In position
NCLT	President	01	01
	Judicial Member	31	22
	Technical Member	31	25
NCLAT	Chairperson	01	01
	Judicial Member	05	03
	Technical Member	06	05

26. On the progress regarding virtual hearings and implementation of e-courts, the Ministry in a written reply stated as under:

"Virtual hearing and E-Courts have been fully implemented in all NCLT Benches. E-filing application has been launched for public in all NCLT Benches and E-Courts go live has been completed in all NCLT Benches. Display Board deployment for real time information of cases for general public is in place at all locations and SMS and emails alert to users have been implemented. Provision to connect backlog application with main case in CIS module has been completed. Module for Case Tracking in NCLT is under progress. Integration of CIS module with NCLT and NCLAT website for exchange of case status, causelist, case proceeding and orders data are under progress. Common Dashboard for Real time analytics and statistic view on different factors (Industry wise, bench wise, duration, timelines) for NCLT are under progress. Dashboard with report provision to track and monitor pendency (on case-age basis) at different level in NCLT are under progress. Performance enhancement and fine tuning is being carried out."

27. When asked about the readiness of the NCLT framework to handle the huge backlog of cases post moratorium, the Ministry in a written reply stated as under:

"With a view to dispose the case in a time bound manner and reduce the pendency, both Government and NCLT are constantly strengthening the NCLT in terms of number of Benches, number of courts at heavily loaded benches and number of Members, as per emerging requirement. Initially one Principal Bench

at New Delhi and 10 jurisdictional benches at 10 locations were established in 2016. In 2018, three more benches and in 2019, two more benches were notified bringing the total number of jurisdictional Benches to 15. Creation of new benches reduces burden of existing benches. Appointment of Members is regularly carried out. In 2019, Government appointed 28 more Members, bringing the total number of Members from 24 to 52. For the 21 vacant posts, which have arisen by till 31st December, 2020, the Government approved appointment of 11 candidates as Judicial Members and 10 candidates as Technical Members in September-October, 2021, based on the recommendations of the Selection Committee. For existing 15 vacancies arising after 31st December, 2020, process is underway under the aegis of Selection Committee chaired by Hon'ble Chief Justice of India and applications for the posts have been obtained, which are under consideration of the Committee. In addition, regular Colloquiums are being held for capacity building of Members so as to ensure speedier and uniform judicial delivery system. NIC is implementing e-courts and other e-governance solution in NCLT. Adequate infrastructure has also been provided to NCLT benches and additional requirement is being taken care of as per request received from these bodies from time to time. All these steps are expected to ensure speedier disposal of cases and to reduce the pendency in coming years. However, the present backlog of cases is because of continuous disruption of regular work due to Covid-19 pandemic and also because of large number of Intervening Applications (IAs), running into 50-70 in several cases. Filing of IAs and the time taken in their disposal makes it difficult to dispose a case in a time bound manner and it is also difficult to predict any timeline for final disposal of a case. Hence, it is difficult to predict any timeline by which entire pendency of backlog cases will be cleared. Although, after full strength of Members and pandemic crisis is over, the backlog situation is expected to reduce to a considerable extent.

D. Investor Education and Protection Fund (IEPF) Authority

28. Investor Education and Protection Fund (IEPF) Authority has been established under Section 125 of the Companies Act, 2013 with the objective of promoting investor education, awareness, protection and to make refunds of shares, unclaimed dividends, matured deposits/debentures etc. The fund is maintained under the Consolidated Fund of India. As per Section 124 (6) of the Companies Act, 2013, 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 Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Second Amendment Rules, 2019 provides that if the online verification is not sent by the

company within thirty days of filing of claim, the company may do so by paying additional fee of fifty rupees for every day subject to maximum of two thousand five hundred rupees.

29. Allocation of funds under IEPF Authority (in crores)

Year	BE	RE	Actuals
2019-20	4.72	6.04	5.66
2020-21	5.09	4.60	5.74
2021-22	5.13	6.47	5.41*
2022-23	7.04	-	-

*(upto 22.02.2021)

30. Regarding budget utilisation under IEPF Authority, the Ministry in a written reply stated as under:

" The increase in RE 2021-22 is mainly due to increase under Head-Salary as new officers at level of GM and AGM have joined against newly sanctioned post. In addition, there is increase under Head-Office Expense due to filling up of contractual (Consultant/Company secretary) posts due to increase in workload, office maintenance work and increase in minimum wages of outsourced MTS and OAs, thereby resulting in increased expenditure.

Allocation under BE 2022-23 has also been worked out accordingly after provisioning for increase in estimated expenditure for FY 2021-22 at RE stage."

31. On the number of claims filed with IEPF Authority and the efforts made to increase manpower required, the Ministry in a written note submitted as under:

"(i) Statistics in claims

DESCRIPTION	2016-17 to 2018-19	2019-20	2020-21	2021-22	TOTAL
Claims filed	23,557	16,141	14,055	23,670	77,423
Verification received from Company	9,652	16,024	10,702	15,237	51,615
Disposed	1,678	7,689	14,219	23,182	46,768
Approved	877	6,989	7,262	8,481	23,609
Rejected	801	700	6,957	14,701	23,159
Pending with Company/Claimant					21,370
Under Examination					9,285

(ii) Efforts to increase the manpower

The total sanctioned posts in IEPF Authority are 29 out of which 17 posts have been newly sanctioned. Most of the posts are on deputation or encadared. An open vacancy circular has been issued for inviting application for deputation and applications received are being considered on rolling basis. Recently 2 posts at the level of GM and 3 posts at level of AGM have been filled up on deputation basis. Out of 29 sanctioned posts at different levels, 12 posts are filled up. In the interim, Ministry has deployed 4 officers on loan basis to cater to increase in workload.

In addition, 10 Consultants, 1 Media Advisor, 1 Media Assistant, 41 Company Secretaries at Dealing Head Level, 2 Young professionals and 12 Office Assistants have been engaged on Contractual basis. 12 Multi-tasking Staff, housekeeping (3 Nos.) and security services (3 Nos.) have also been engaged on contractual basis to provide support services."

E. Competition Commission of India (CCI)

32. The Competition Commission of India (CCI) was established in March, 2009 under the Competition Act, 2002 for the administration, implementation and enforcement of the Act. The objectives of the CCI are:

- (a) To prevent practices having adverse effect on competition;
- (b) To promote and sustain competition in markets;
- (c) To protect the interests of consumers; and
- (d) To ensure freedom of trade.

33. CCI has powers to regulate mergers or combinations, and to reverse mergers or combinations, if it is of the opinion that such mergers or combinations have, or is likely, to have an 'appreciable adverse effect' on competition in India.

34. Allocation of funds for Competition Commission of India (CCI)

(in crores)

Year	BE	RE	Actuals
2019-20	79.89	55.49	55.49
2020-21	66.00	53.19	46.15
2021-22	46.00	46.00	39.74*
2022-23	46.00	-	-

*(upto 11.02.2022)

35. On the utilisation of funds under CCI, the Ministry in a written reply stated as under:

"The actual expenditure under Revenue up to 11-2-2022 for FY 2021-22 is Rs 39.74 crore. Actuals expenditure for FY 2020-21 was Rs 68.79 crore (Revenue + Capital). The Ministry released GIA amounting to Rs 46.15 crore for FY 2020-21. The difference in expenditure incurred and Grants in Aid, released is met out of Competition Fund. CCI's projection for funds under Revenue at BE 2021-22 was Rs 61.22 crore and RE 2021-22 was Rs 51.30 crore. The Department of Economic Affairs, MoF allocated Rs 46.00 crore for FY 2021-22. The proper utilisation of Funds are being ensured as the Funds are administered by a Fund Administering Committee (FAC) constituted in terms Section 51 (3) of the Competition Act and the accounts of the Commission are audited by the Comptroller and Auditor- General of India."

36. Regarding the overall pendency of cases with CCI in the last three years, the Secretary, Ministry of Corporate Affairs, during the course of evidence submitted as under:

	2018-19	2019-20	2020-21	2021-22 (as on 31.01.2022)
Cases pending at beginning of year	217	200	168	151
Cases received during Year	162	142	143	129
Total	379	342	311	280
Cases decided during the Year	179	174	160	136
Cases pending at end of the Year	200	168	151	144

Status of cases under Competition Act 2002 since inception

	Anti Trust Cases	Combination Cases	Total
Cases received since inception	1177	901	2078
Cases disposed off	1042	892	1934
Percentage of cases disposed off	88.53%	99.00%	93.07%

37. On being asked about the status regarding filling of vacant posts in CCI and the revision of existing Recruitment Rules:

a) " Present staff position of CCI & DG's office:

The details of sanctioned and existing strength of posts as well as vacancies in the Competition Commission of India (CCI in short), 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	107	47
O/o. DG, CCI	41	19	22
Total Strength:	195	126	69

During the financial year 2021-22 (upto 14.02.2022), 20 officers were appointed in CCI and DG's office (10 each) on deputation basis. Joining of 02 more candidates selected (1 each in CCI & DG's office) is awaited.

b) Status regarding filling of vacant posts in CCI & DG's office:

Status regarding CCI:

47 vacant posts in CCI pertain to Direct Recruitment Quota, Promotion quota and Deputation quota. Bulk of these vacant posts (26 posts of Professional Staff) pertain to Direct Recruitment of CCI which has been kept in abeyance on account of ongoing comprehensive cadre review in CCI.

In respect of promotion quota post all eligible officers as on 1.1.2022 who were found fit for promotion, have already been promoted. Further promotion of eligible candidates of CCI will be considered on next due date i.e. as on 01.01.2023.

In so far as filling up of posts in CCI on deputation basis is concerned, 13 posts have been identified to be advertised shortly on deputation basis.

Status regarding filling up of posts in DG's office on deputation basis:

- 20 posts have already been advertised to be filled on deputation basis in the O/o. DG, CCI and thus in the process of filling up.
- c) Progress regarding revision of the existing Recruitment Rules and comprehensive cadre restructuring of CCI and DG's office:
- The proposal for Comprehensive Cadre Review & Restructuring of CCI and O/o DG, CCI was sent to MCA vide letter dated 09.07.2021. The Ministry returned the proposal vide their letter dated 06.10.2021 with certain observations, which are being looked into as the information/justification sought by the MCA requires substantial time & efforts.
 - The revision of Recruitment Rules are also being carried out."

F. CORPORATE SOCIAL RESPONSIBILITY (CSR)

38. Corporate Social Responsibility (CSR) for companies has been mandated through legislation in India. Section 135 of Companies Act, 2013 contains provisions on CSR, Companies (Corporate Social Responsibility Policy) Rules, 2014 prescribe the manner in which companies shall comply with the CSR provision of the Act and Schedule VII of the Act enumerates activities that can be undertaken as CSR. The Act and Rules were notified on 27th February, 2014 and came into force from 1st April, 2014.

39. Section 135 (sub section 5) of the Companies Act, 2013 states that the Board of every company shall ensure that the company spends, in every financial year, at least two per cent of the average net profits of the company made during the three immediately preceding financial years in pursuance of its Corporate Social Responsibility activities provided that the company shall give preference to the local area and areas around it where it operates, for spending the amount earmarked for Corporate Social Responsibility activities.

40. The Ministry in a written note stated that under the Act, CSR is a Board driven process and the Board of the company is empowered to plan, decide, execute and monitor CSR activities based on the recommendations of its CSR Committee. The CSR architecture is disclosure based and CSR mandated companies are required to file details of CSR activities annually in MCA21 registry. All data related to CSR as filed by companies in MCA21 registry is available in public domain at www.csr.gov.in. On the basis of the filings made by companies in the MCA 21 registry, CSR spent by the companies during the financial year 2017-18 to 2020-21 is given below:

	(in Rs. crores)			
	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
CSR Amount Spent	17,097.66	20,163.18	24,863.84	20360.25 *

(Data upto 31.12.2021) [Source: National CSR Data Portal]

*Data for FY 2020-21 is subject to change as the levy of additional fees for the late filing has been relaxed till

15.03.2022

41. During the course of evidence, the Secretary, Ministry of Corporate Affairs stated as under:

"There have been major amendments in CSR last year in January, 2021, through which CSR disclosures have been strengthened. Now, some companies are complaining that there is an increased compliance burden, but we have now introduced a new form CSR 2 in which they will have to furnish the CSR details including list of projects and the information like where they are doing it, what kind of money is being spent, etc. We have mandated it from this year. I am sure that next year the entire CSR is going to see an overwhelming change in this entire disclosure mechanism that has come in MCA21 Version 2 and will continue in the MCA21 version 3. We are doing it."

42. On being asked whether there are any guidelines issued by the Ministry of Corporate Affairs towards development for the sake of villagers/remote area within zero mile according to CSR provisions, the Ministry in a written reply stated:

" The first proviso to section 135(5) of the Act provides that the company shall give preference to local areas and the areas around where it operates. The issues related to local areas w.r.t. CSR was examined by High Level Committee on CSR (HLC-2018), and it was observed that the preference to local area in the Act is only directory and not mandatory in nature and companies need to balance local area preference with national priorities. The Ministry accepted the said recommendation and reiterated the same in the FAQs on CSR issued vide General Circular no. 14/2021 dated 25.08.2021."

43. On being asked whether a contribution to the Chief Minister's Relief Fund would qualify for CSR, the Ministry in a written reply stated as under:

" The Act does not recognize any contribution to any other fund, which is not specifically mentioned in Schedule VII, as an admissible CSR expenditure. As Chief Minister's Relief Fund (CMRF) is not mentioned in Schedule VII and thus contribution to said fund is not an eligible CSR activity."

44. On the Committee's suggestion regarding the need for a third party audit of CSR spending, the Ministry in a written reply stated as under:

" CSR is a Board driven process and the Board of the company is empowered to plan, decide, execute and monitor CSR activities based on the recommendations of its CSR Committee. The CSR framework is disclosure based and CSR mandated companies are required to file details of CSR activities annually in the MCA21 registry. The CSR mandated companies are required to provide additional information in their Profit & Loss Account regarding amount of expenditure incurred on CSR activities and the same is required to be audited by the statutory auditors of the company. Further, the Board of the company is also required to disclose the CSR Policy implemented by the company in its Board report. Thus, the corporate governance framework along with the existing legal provisions such as mandatory disclosures, accountability of the CSR Committee and the Board, provisions for statutory audit of accounts of the company etc. provide adequate safeguards in this regard."

PART II

Observations/Recommendations

1. The Committee note that the total funds sought by the Ministry for 2022-23 was Rs. 860.43 crore against which Rs. 733.02 crore has been allocated in BE 2022-23. This allocation exceeds the previous year's BE and RE allocation by Rs. 20.89 crore and Rs. 73.28 crore respectively. The Ministry surrendered funds amounting to Rs. 19.22 crore in 2018-19, Rs. 44.02 crore in 2019-20 and Rs. 30.28 crore in 2020-21. The Committee find that the Ministry's spending for the previous year 2021-22 has been dismal. The actual expenditure as on 22.02.2022 is Rs. 479.18 crore which is 72.63 per cent of the RE of Rs. 659.75 crore. The Ministry have informed that they hope to reach above 95 per cent of expenditure and that some modules of MCA Version 3 are getting rolled out in March so expenditure on e-Governance is back-ended towards the end of March. The Committee are apprehensive about the Ministry's ability to absorb the remaining funds with just a month left for the present financial year. The Committee are of the opinion that enhancement of budgetary allocations for the Ministry might be essential in order to close the human capital gaps in its regulatory entities. However, an enhancement in budget would only be justified if the allocated funds are efficiently and effectively utilised throughout the fiscal year, rather than being surrendered year after year as is the practice of the Ministry in the past few years. The Committee, therefore, recommend that the Ministry review its spending pattern and resolve to achieve full utilisation of funds in the fiscal 2022-23 in moving towards the Ministry's vision of being a facilitator of world class governance of corporates. The Committee also believes that the Ministry is not

spending adequately on IT systems. Consequently, it has not yet been able to establish a user-friendly and streamlined portal for all necessary corporate filings under the Companies Act. This portal should be made available to the general public so that all public filings are transparently available.

2. On the proposed utilisation of funds for the financial year 2022-23, deploying Version 3 of MCA21 and filling up vacant posts in the statutory and quasi-judicial bodies are included. The Committee would like to highlight the issue of vacancies in the Ministry's statutory and quasi-judicial bodies. The Committee feel that the longstanding issue of vacancies needs to be seriously addressed, as it has taken a periodic pattern of advertisement of vacant posts and inability to fill them. The vacancies in various bodies are as high as 146 out of 238 sanctioned posts in SFIO, 15 out of 62 in NCLT, 17 out of 29 in IEPFA and 69 out of 195 in CCI. An analysis of the huge backlog of cases in these bodies reveal that even with full capacity, the pace of resolution of cases would remain sluggish if not stagnant. The Committee believe that there is an urgent need not only to fill the vacancies but also in enhancing funds to provide for an increase in the sanctioned strength itself. The Committee hope that these vacancies do not in the interim impede the smooth implementation of the provisions of the Companies Act, Insolvency and Bankruptcy Code, Competition Act etc. The Committee would recommend that the Ministry should undertake a capacity planning exercise, studying their budgetary and human capital requirements in relation to the case load in each of these entities and apprise the Committee at the earliest. These capacity planning studies are both urgent and important. India's economy depends on these regulatory agencies to conduct their activities

efficiently and speedily. However, this has not been the case in the past few years. As a result, the Committee finds it inexplicable that the Ministry continues to ignore these staffing needs consistently in its budget planning.

3. The Committee note that the actual expenditure under SFIO is Rs. 30.99 crore as on 22.02.2022 out of the RE (2021-22) of Rs. 36.13 crore. The BE allocation for SFIO in 2022-23 has been enhanced to Rs. 40.14 crore from Rs. 29.23 crore in 2021-22. The Ministry have cited various reasons for increase in allocation including filling of vacant posts, engagement of CA and Law firms and upgradation of forensic lab. Out of 1194 complaints filed, 471 cases have been disposed with a prosecution rate of 71.97%, leaving 723 cases pending. The Ministry have stated that the reasons for delay in disposal of cases include voluminous documents of detailed investigation reports and large number of accused persons, making it a time consuming process. However, the fact remains that there are 146 posts vacant out of the total sanctioned strength of 238, which being more than 60 per cent vacancy, remains unsustainable. The Committee feel that the increase in total sanctioned strength from 133 posts to 238 posts is meaningless as it only results in more vacancy. The Committee have year after year pointed out the huge vacancies in the organisation and the need for filling up vacant posts. The Committee desire that the vacancies in SFIO be filled promptly within the next financial year to augment the organisations' case disposal rate and bring it closer to its objective of effectively tackling complex corporate frauds.

4. The Committee note that the allocation of funds for National Company Law Tribunal (NCLT) has increased from Rs. 83.24 crore (RE) in 2021-22 to Rs. 89.36 crore (BE) in 2022-23. The Ministry have informed that funds have been enhanced on account of establishment of new benches, appointment of Members, recruitment of employees etc. An analysis of pending cases in NCLT in the last three years show an alarming trend of more than 20,000 cases pending at the end of each year. The number of cases pending at the end of 2019, 2020, and 2021 were 20542, 21259 and 20782 respectively and a total of 11186 cases have been pending for more than a year. On the pendency of cases, the Ministry have cited various reasons including the disruption due to Covid-19 pandemic and large number of Intervening Applications (IAs). The Committee note that a total of 15 jurisdictional benches currently function with 47 Members and the process for appointment of 15 Members is underway. The Committee feel that even if the full sanctioned strength of 62 Members were in place, they would not have the capacity to dispose of the huge backlog of cases in a rapid manner and are concerned that the pendency of cases will drag on for years and years. The Committee desire that in order to achieve its objective of faster resolution of corporate disputes and promoting ease of doing business, the Ministry should conduct an analysis of the budgetary and manpower capacity requirements to expedite the resolution of pending cases and put in place the necessary infrastructural and manpower needs, whether it is enhancing fund allocation, increasing the number of benches or increasing the number of Members.

5. The Committee note that with the introduction of Section 135 of the Companies Act, 2013, India became the first country to legally mandate Corporate Social Responsibility (CSR). Under the Act, companies are to ensure that in every financial year, two per cent of net profits made during the preceding three financial years should be spent in pursuance of Corporate Social Responsibility activities. Further, Section 135 (5) of the Act provides that the company shall give preference to the local area and areas around it where it operates. The Committee find that sub section 5 of Section 135 has been grossly neglected especially by companies operating in heavy industry and mining activities. The Committee in their earlier report on Demands for Grants (2018-19) have also recommended that Section 135(5) should be strictly adhered to and enforced to preserve the legislative intent of the CSR mandate so that the desired expenditure is incurred in the local area. The Ministry have informed that the issue related with local area was examined by a High-Level Committee on CSR (HLC-2018) and was observed that the preference to local area in the Act is only directory and not mandatory. The Committee reiterate their earlier recommendation and desire that the preference to local area should be made mandatory as per the provisions of the Act. The Committee further desire that an analysis of the top ten private companies, sector by sector, such as mining sector, real estate sector, construction sector etc. as well as Constituency wise CSR spending be done and submitted to the Committee within a period of three months. The Committee suggest that contribution to the Chief Minister's Relief Fund may be included under Schedule VII of the Act. Further, the Committee are concerned about the monitoring mechanism in ensuring compliance of the provisions of CSR and find

that the information regarding CSR spending by Companies are insufficient and difficult for a layperson to access. While the Ministry are of the opinion that the existing legal provisions provide adequate safeguards, the Committee recommend that a third-party audit of CSR spending may be carried out by the Ministry of Corporate Affairs which would bring about transparency in CSR disclosures and accountability of Companies in their CSR spending.

New Delhi;
14 March, 2022
23 Phalguna, 1943 (Saka)

SHRI JAYANT SINHA,
Chairperson
Standing Committee on Finance

Minutes of the Eleventh sitting of the Standing Committee on Finance (2021-22)
The Committee sat on Thursday, the 24th February, 2022 from 1100hrs. to 1330
hrs in Main Committee Room, Parliament House Annexe, New Delhi.

PRESENT

Shri Jayant Sinha – Chairperson

LOK SABHA

2. Shri S.S. Ahluwalia
3. Shri Subhash Chandra Baheria
4. Dr. Subhash Ramrao Bhamre
5. Shri Gaurav Gogoi
6. Shri Manoj Kotak
7. Shri Pinaki Misra
8. Shri Gopal Shetty
9. Shri Manish Tewari

RAJYA SABHA

10. Shri Ahmad Ashfaque Karim
11. Dr. Amar Patnaik
12. Shri Mahesh Poddar
13. Dr. C.M. Ramesh
14. Smt. Ambika Soni

SECRETARIAT

- | | | |
|---------------------------------|---|---------------------|
| 1. Shri Siddharth Mahajan | - | Joint Secretary |
| 2. Shri Ramkumar Suryanarayanan | - | Director |
| 3. Shri Kulmohan Singh Arora | - | Additional Director |
| 4. Shri Kh. Ginlal Chung | - | Deputy Secretary |

PART I

1100 hrs – 1200 hrs

WITNESSES

Ministry of Corporate Affairs

1. Shri Rajesh Verma, Secretary
2. Shri Ravi Mital, Chairperson, IBBI
2. Shri Sanjay Kumar, AS & FA
3. Shri Manmohan Juneja, OSD in O/o, DCGoA
4. Shri K.V.R Murty, Joint Secretary
5. Shri Manoj Pandey, Joint Secretary
6. Shri Keshav Chandra, Director, SFIO
7. Ms. Anuradha Guru, Economic Adviser
8. Ms. Nandita Mishra, Economic Adviser
9. Shri Akhilesh Jha, Chief Controller of Accounts
10. Shri Peeush Pandey, Registrar, NCLAT
11. Shri Shiv Ram Bairwa, Registrar, NCLT
12. Lt. Col Tushar Anand, GM, IEPF Authority
13. Shri Sugata Ghosh Dastidar, Secretary, CCI
14. Shri Vivek Narayan, Secretary, NFRA
15. Shri Amit Pradhan, Executive Director, IBBI

2. At the outset, the Chairperson welcomed the Witnesses to the sitting of the Committee. After the customary introduction of the Witnesses and their introductory remarks, the Additional Secretary & Financial Advisor, Ministry of Corporate Affairs made a Power Point Presentation (PPT) before the Committee in connection with the examination of Demands for Grants (2022-23) of the Ministry and issues connected therewith. The major issues discussed include the need for efficient utilization of funds, the huge backlog of cases in the statutory bodies and quasi-judicial bodies of the Ministry and the lack of budgetary and human resource capacity to handle these cases, compliance of CSR provisions with regard to spending by companies in local area of

operation and the need for third party audit of CSR spending by Ministry of Corporate Affairs, implementation issues with regard to the provisions of Insolvency and Bankruptcy Code, pending recommendations of NFRA on auditing and accounting standards, quantum of punishment and conviction rates in SFIO and CCI etc. The witnesses responded to the queries raised by the Members on the subjects. The Committee directed the witnesses to furnish written replies to the queries which could not be readily replied by them during the sitting.

(The witnesses then withdrew)

PART II

1200 hrs – 1330 hrs

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

The witnesses then withdrew.

A verbatim record of the proceedings has been kept.

Minutes of the Thirteenth sitting of the Standing Committee on Finance (2021-22)
The Committee sat on Monday, the 14th March, 2022 from 1500hrs. to 1630 hrs. in
Committee Room 'B', Parliament House Annexe, New Delhi.

PRESENT

Shri Jayant Sinha – Chairperson

LOK SABHA

2. Shri S.S. Ahluwalia
3. Shri Subhash Chandra Baheria
4. Shri Shrirang Appa Barne
5. Dr. Subhash Ramrao Bhamre
6. Smt. Sunita Duggal
7. Shri Manoj Kotak
8. Shri Ravi Shankar Prasad
9. Shri Gopal Shetty
10. Shri Manish Tewari
11. Shri Rajesh Verma

RAJYA SABHA

12. Shri Sushil Kumar Modi
13. Shri A. Navaneethakrishnan
14. Shri Praful Patel
15. Dr. Amiar Patnaik
16. Shri Mahesh Poddar
17. Shri G.V.L Narasimha Rao

SECRETARIAT

- | | | |
|---------------------------------|---|---------------------|
| 1. Shri Siddharth Mahajan | - | Joint Secretary |
| 2. Shri Ramkumar Suryanarayanan | - | Director |
| 3. Shri Kulmohan Singh Arora | - | Additional Director |
| 4. Shri Kh. Ginlal Chung | - | Deputy Secretary |

3. 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) Fortieth Report on Demands for Grants (2022-23) of the Ministry of Finance (Departments of Economic Affairs, Expenditure, Financial Services, Investment & Public Asset Management and Public Enterprises).
- (ii) Forty-First Report on Demands for Grants (2022-23) of the Ministry of Finance (Department of Revenue).
- (iii) Forty-Second Report on Demands for Grants (2022-23) of the Ministry of Corporate Affairs.
- (iv) Forty-Third Report on Demands for Grants (2022-23) of the Ministry of Planning.
- (v) Forty-Fourth Report on Demands for Grants (2022-23) of the Ministry of Statistics and Programme Implementation.

After some deliberations, the Committee adopted the 40th to 44th draft Reports on DFG (2022-23) and authorised the Chairperson to finalise them and present the Reports to the Parliament. The Committee decided to defer adoption of the Report on 'the Chartered Accountants, the Cost and Works Accountants and the Company Secretaries (Amendment) Bill, 2021' as some Members sought more time to consider the various issues related to the Bill.

The Committee then adjourned.

A verbatim record of the proceedings has been kept.