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

**SEVENTEENTH LOK SABHA**

**MINISTRY OF CORPORATE AFFAIRS**

*[Action taken by the Government on the recommendations contained in Forty-Second Report of the Standing Committee on Finance on Demands for Grants (2022-23)]*

**FORTY-NINTH REPORT**



**LOK SABHA SECRETARIAT  
NEW DELHI**

**August, 2022/ Sravana, 1944 (Saka)**

# FORTY-NINTH REPORT

STANDING COMMITTEE ON FINANCE  
(2021-2022)

(SEVENTEENTH LOK SABHA)

MINISTRY OF CORPORATE AFFAIRS

*[Action taken by the Government on the recommendations contained in Forty-Second Report of the Standing Committee on Finance on 'Demands for Grants (2022-23)']*

*Presented to Lok Sabha on 03.08.2022*

*Laid in Rajya Sabha on 03.08.2022*



LOK SABHA SECRETARIAT  
NEW DELHI

August, 2022/ Sravana, 1944 (Saka)

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\* Not appended in the cyclostyled copy

**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 Ashfaq Karim
23. Shri Sushil Kumar Modi
24. Vacant\*
25. Vacant\*\*
26. Dr. Amar Patnaik
27. Vacant<sup>s</sup>
28. Dr. C.M. Ramesh
29. Shri G.V.L Narasimha Rao
30. Dr. Manmohan Singh
31. Vacant<sup>#</sup>

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\* Vacancy caused due to retirement of Shri A. Navaneethakrishnan, MP from Rajya Sabha w.e.f. 29.06.2022.

\*\* Vacancy caused due to retirement of Shri Praful Patel, MP from Rajya Sabha w.e.f. 04.07.2022.

<sup>s</sup> Vacancy caused due to retirement of Smt. Ambika Soni, MP from Rajya Sabha w.e.f. 04.07.2022.

<sup>#</sup> Vacancy caused due to retirement of Shri Mahesh Poddar, MP from Rajya Sabha w.e.f. 07.07.2022.

**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

(iii)

## INTRODUCTION

I, the Chairperson of the Standing Committee on Finance, having been authorized by the Committee, present this Forty-ninth Report on action taken by Government on the Observations / Recommendations contained in the Forty-second Report of the Committee (Seventeenth Lok Sabha) on Demands for Grants (2022-23) of the Ministry of Corporate Affairs.

2. The Forty-second Report was presented to Lok Sabha / laid on the table of Rajya Sabha on 22 March, 2022. The Action Taken Notes on the Recommendations were received from the Government *vide* their communication dated 13 June, 2022.

3. The Committee considered and adopted this Report at their sitting held on 28 July, 2022.

4. An analysis of the action taken by the Government on the recommendations contained in the Forty-second 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  
28 July, 2022  
6 Sravana, 1944 (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 42<sup>nd</sup> Report (Seventeenth Lok Sabha) on Demands for Grants (2022-23) of the Ministry of Corporate Affairs which was presented to Lok Sabha / laid in Rajya Sabha on 22<sup>nd</sup> March, 2022.

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

(Total NIL)  
(Chapter -IV)

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

NIL

(Total - NIL)  
(Chapter- V)

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

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

#### **Recommendation (Serial No. 1)**

5. 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.

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

- i. *" As per the Ministry of Finance's expenditure management guidelines, the Ministry was to spend the allocated budget as per Monthly Expenditure Plan (MEP) and Quarterly Expenditure Plan (QEP). During 2021-22, Ministry was restricted to spend only 20% of total BE 2021-22 of Rs. 712.13 crore during 2<sup>nd</sup> quarter of 2021-22 as an austerity measure on account of Covid-19 pandemic. Also 2<sup>nd</sup> wave of Covid-19 during April-June 2021 adversely affected various activities of the Ministry. Despite these restrictions, this Ministry incurred total expenditure of Rs.628.97 crore out of R.E. of Rs.659.75 crore (i.e. 95.33%) during 2021-22 and the actual surrendered amount was Rs.24.91 crore.*
- ii. *As advised by the Committee, the Ministry would make concerted efforts to utilise the entire budget during 2022-23 particularly for creation/enhancement of infrastructure facilities for its quasi-judicial and statutory bodies. Hence, higher allocation of budget has been given for the quasi-judicial bodies during 2022-23 i.e. B.E for NCLT has been increased from Rs.84.01 crore (in 2021-22) to Rs.89.36 crore (in 2022-23), the B.E. for NCLAT has been increased from Rs.38.24 crore (in 2021-22) to Rs.41.71 crore (in 2022-23). For IT Systems, allocation in BE has been increased from Rs.90.29 crore (BE 2021-22) to Rs.96.20 crore (BE 2022-23).*
- iii. *With regard to establishing a user-friendly and streamlined portal for all necessary corporate filings under the Companies Act, it is submitted that MCA 21 V3.0 is part of Budget announcement and will leverage the use of latest technologies (data analytics, artificial intelligence and machine learning) to streamline the Corporate Compliance and stakeholders experience. The MCA21 V3.0 in its entirety will not only improve the existing services and modules, but will also create new functionalities like e-adjudication, compliance management system, advanced helpdesk, feedback services, user dashboards, self-reporting tools and revamped master data services.*



*The MCA V3.0 has been planned to be implemented in two phases:*

- Phase-1 of MCA21 Version 3.0 comprising of revamped website, e-consultation, ebook and e-mail services for MCA officers have been launched and deployed on 24.05.2021.*
- Learning Management System (LMS) for MCA Officers has been deployed on 15th October, 2021.*
- As regards 2nd phase of MCA-21 Version 3, LLP Module has been deployed on 08.03.2022.*
- Central Scrutiny Centre for scrutiny of STP forms have been established and is operational. Defective filings by the companies, noticed by CSC, will be one of the inputs for Compliance Management System.*
- Company Module is in advanced stage of development and is expected to be deployed within first half of this year.*
- Compliance Management System, E. adjudication and Enforcement Module are expected to be developed by first half of this financial year."*

**7. The Committee note that during 2021-22, the Ministry surrendered Rs. 24.91 crore out of the allocated RE of Rs. 659.75 crore. The Ministry have earlier 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 had persistently commented on the Ministry's need for reviewing its spending pattern and resolving to achieve full utilisation of funds. On the need for enhancement of budget in its regulatory bodies, the Ministry have informed of an increase from Rs. 84.01 crore in 2021-22 to Rs. 89.36 crore in 2022-23 for NCLT, Rs. 38.24 crore in 2021-22 to Rs. 41.71 crore in 2022-23 for NCLAT and Rs. 90.29 crore in 2021-22 to Rs. 96.20 crore in 2022-23 for IT systems. Although the enhancement in budget is miniscule compared to the infrastructure requirements and human resource needs in these bodies and their**

huge backlog of cases, the Committee reiterate their earlier recommendation of efficient and effective absorption of funds allocated that would justify an enhancement in budget especially in view of the large human capital gaps in its regulatory entities and the lag in establishing a compact IT system.

#### Recommendation (Serial No. 2)

8. 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.

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

*"(i) As far as SFIO is concerned it is submitted that Ministry is in the process of filling up of vacant posts by direct recruitment as well as deputation method in SFIO. All out efforts are being made to fill all the vacant posts in coordination with UPSC and SSC.*

*(ii) It has been the endeavour of the Government to strengthen the NCLT and for this purpose, the Government is regularly taking stock of and analysing the situation related to human resources and infrastructure capacity of the NCLT and is constantly taking necessary multi-dimensional measures. NCLT also regularly monitors and analyses its financial requirements to meet the expenditure on its capacity building and project the same for the allotment of requisite budget.*

*(iii) IEPF Authority has taken all extraordinary efforts to fill up the vacant posts. In this regard, vacancy was advertised several times through DAVP for filling up of the posts. Vacancy circular also uploaded on Authority's website. However, no suitable candidate have applied. In this connection, an open advertisement has also been issued with the provision that applications received for vacant posts at end of every month will considered in subsequent month which will enable the Authority to fill up the said vacant posts. Action for revival of deemed abolished posts have already been taken. As regards vacant encadred posts, necessary steps for fulling up of vacant encadred posts has already been initiated by the Ministry. Accordingly, Chief Controller General of Accounts, MCA has been requested to take necessary action at the earliest.*

*(iv) In order to address the problem of shortage of staff in CCI and its investigation arm i.e. office of the Director General (DG) and to be equipped to meet future demands, a comprehensive cadre restructuring proposal is currently under active consideration. Accordingly, the existing Recruitment Rules of posts will be reviewed & revised. On*

*materialization of the proposal, the problem of shortage of staff in the Commission will be addressed to a great extent.*

*In the meanwhile, in order to fast track filling up of vacant posts in CCI and DG's office, vigorous efforts are being made to select officers on deputation basis.*

- *In this regard, a special recruitment drive to fill up 09 posts of Dy. Director General (DDG), under the relaxed eligibility conditions, was initiated recently and resultantly 05 posts of DDG have already been filled and joining against the remaining 04 posts is expected shortly. This is going to augment the working strength of the post of Dy. Director General, which is the entry level Professional cadre post in DG's office, to a great extent.*

- *In addition to this, 14 more posts of Professional Staff, comprising of Additional Director General, Joint Director General, and Dy. Director General, have been advertised to be filled on deputation basis in DG's office. The applications received are being scrutinized so as to make selection against these posts at the earliest.*

- *In respect of CCI, a vacancy advertisement to fill up 13 posts on deputation basis has been issued on 24.02.2022, with last date prescribed for receipt of applications being 25.04.2022.*

- *The other vacant posts in CCI pertain to Direct Recruitment (D.R.) and Promotion quota. D.R. has been currently kept in abeyance due to the proposed cadre restructuring. The promotion quota posts will be filled in due course.*

*In view of the position stated above, the staff position of CCI and its DG office is shortly likely to improve significantly."*

**10. On the issue of staffing in the Ministry's statutory and quasi-judicial bodies, the Committee find that the reply of the Ministry has been repetitive inspite of their constant prodding towards the need for filling the large human capital gaps. The Ministry has informed that SFIO is in the process of filling up vacant posts, the**

NCLT is taking stock of and analysing the situation related to human resources and infrastructure capacity, IEPF Authority has advertised vacancies for which no suitable candidate have applied and a comprehensive cadre restructuring proposal is under consideration in CCI due to which direct recruitment has been kept in abeyance. The Committee find that the Ministry is silent on the issue of undertaking a comprehensive capacity building exercise by studying their budgetary and human capital requirements in relation to the case load in each of its entities. The Committee thus reiterate their earlier recommendation on the need for a thorough capacity planning and building exercise for each entity under the jurisdiction of the Ministry of Corporate Affairs and apprise the Committee in this regard at the earliest.

New Delhi;  
28 July 2022  
06 Sravana, 1944 (Saka)

SHRI JAYANT SINHA,  
Chairperson,  
Standing Committee on Finance

Minutes of the Twenty-Second sitting of the Standing Committee on Finance (2021-22) The Committee sat on Thursday, the 28<sup>th</sup> July, 2022 from 1500hrs. to 1715 hrs. in Main Committee Room, Parliament House Annexe, New Delhi.

**PRESENT**

**Shri Jayant Sinha – Chairperson**

**LOK SABHA**

2. Shri Subhash Chandra Baheria
3. Shri Shrirang Appa Barne
4. Smt. Sunita Duggal
5. Shri Manoj Kotak
6. Shri Pinaki Misra
7. Shri Gopal Shetty
8. Dr. (Prof.) Kirit Premjibhai Solanki
9. Shri Manish Tewari
10. Shri Rajesh Verma

**RAJYA SABHA**

11. Shri Ahmad Ashfaque Karim
12. Shri Sushil Kumar Modi
13. Dr. Amar Patnaik
14. Dr. C.M. Ramesh

**SECRETARIAT**

- |    |                              |   |                     |
|----|------------------------------|---|---------------------|
| 1. | Shri Siddharth Mahajan       | - | Joint Secretary     |
| 2. | Shri Ramkumar Suryanarayanan | - | Director            |
| 3. | Shri Kulmohan Singh Arora    | - | Additional Director |

PART I

2.    XX            XX            XX            XX            XX            XX

      XX            XX            XX            XX            XX            XX

(The witnesses then withdrew)

PART II

3.    Thereafter, the Committee took up the following draft reports for consideration and adoption:

- (i)    Draft Action Taken Report on the recommendations contained in 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)    Draft Action Taken Report on the recommendations contained in Forty-First Report on Demands for Grants (2022-23) of the Ministry of Finance (Department of Revenue).
- (iii)    Draft Action Taken Report on the recommendations contained in Forty-Second Report on Demands for Grants (2022-23) of the Ministry of Corporate Affairs.
- (iv)    Draft Action Taken Report on the recommendations contained in Forty-Third Report on Demands for Grants (2022-23) of the Ministry of Planning.
- (v)    Draft Action Taken Report on the recommendations contained in Forty-Fourth Report on Demands for Grants (2022-23) of the Ministry of Statistics and Programme Implementation.

After some deliberations, the Committee adopted the above draft Reports and authorised the Chairperson to finalise them and present the Reports to the 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 FORTY SECOND REPORT OF THE STANDING COMMITTEE ON FINANCE (SEVENTEENTH LOK SABHA) ON DEMANDS FOR GRANTS (2022-23) 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