GOVERNMENT OF INDIA
MINISTRY OF CORPORATE AFFAIRS

RAJYA SABHA
UNSTARRED QUESTION NO. 2616
ANSWERED ON TUESDAY, AUGUST 11, 2026

STRENGTHENING INDIA'S STATUTORY AUDIT FRAMEWORK THROUGH GLOBAL BEST PRACTICES

QUESTION

2616. Dr. Ajeet Madhavrao Gopchade:

Will the Minister of CORPORATE AFFAIRS
be pleased to state:

(a) whether Government has undertaken a comparative review of global best practices, particularly those adopted in the UAE and Estonia, to further strengthen India's statutory audit and public-interest oversight framework;

(b) whether Government proposes to introduce reforms such as a national digital audit registry, mandatory cooling-off periods for statutory auditors, AI-enabled risk-based inspections and fixed audit quality review mechanisms; and

(c) whether Government is considering measures to strengthen technology-driven audit supervision, cyber and forensic audit standards, auditor independence and transparency to enhance investor confidence, financial stability and public trust in corporate financial reporting?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF CORPORATE AFFAIRS AND MINISTER OF STATE IN THE MINISTRY OF ROAD, TRANSPORT AND HIGHWAYS

[SHRI HARSH MALHOTRA]

(a): No such specific comparative review of UAE and Estonia has been undertaken. Global best practices are examined, wherever considered relevant and appropriate in the Indian context. National Financial Reporting Authority (NFRA) is a member of the International Forum of Independent Audit Regulators (IFIAR), a body comprising of independent audit regulators from 57 jurisdictions across Africa, North America, South America, Asia, Oceania, and Europe. Through this platform, member regulators periodically exchange practical experience and information on best practices and provisions to strengthen audit oversight and audit quality worldwide.

(b): (i) At present, there is no proposal to introduce a National Digital Audit Registry. However, auditor-related data is already captured digitally through Form ADT-1 (intimation of auditor appointment/re-appointment, filed by companies), Form ADT-3 (intimation of auditor resignation, filed by the auditor), Form NFRA-1 (intimation of auditor particulars, filed by bodies corporate other than companies) and Form NFRA-2 (annual return filed by the auditor).

(ii) Mandatory rotation of statutory auditors and auditor firms is already provided under section 139(2) of the Companies Act, 2013 for specified classes of companies, with a cooling-off period before re-appointment.

(iii) NFRA conducts annual audit quality inspections of top audit firms using a risk-based framework. These are in the nature of reviews of audit quality as well as audit firm wide governance and quality mechanisms. Institute of Chartered Accountants of India (ICAI) also conducts audit quality reviews using different criteria, including the risk-based one. NFRA and ICAI are exploring use of AI in their work.

(c): (i) The Companies (Accounts) Rules, 2014 provides that every company which uses accounting software for maintaining its books of account, shall use only such accounting software which has a feature of recording audit trail of each and every transaction, creating an edit log of each change made in books of account along with the date when such changes were made and ensuring that the audit trail cannot be disabled.

(ii) The Companies Act, 2013 already contains several provisions to promote audit independence and transparency. These include, inter alia, section 139 relating to appointment and rotation of auditors, section 141 relating to eligibility and disqualifications of auditors, section 143 relating to the powers and duties of auditors, including reporting of fraud and reporting on internal financial controls, section 144 relating to restrictions on specified non-audit services, and section 147 relating to penalties for contraventions. In addition, the Companies (Auditor's Report) Order (CARO), 2020, issued under section 143(11) of the Act, requires reporting by auditors on specified matters relating to corporate governance and financial reporting.

(iii) No such cyber and forensic audit standards are proposed to be issued under the Companies Act, 2013.

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