

**GOVERNMENT OF INDIA
MINISTRY OF CORPORATE AFFAIRS**

**LOK SABHA
UNSTARRED QUESTION NO. 218
ANSWERED ON MONDAY THE 19TH JULY, 2021
{ASHADHA 28, 1943 (SAKA)}**

SETTING UP OF TAC

QUESTION

**218. SHRI CHANDRA SEKHAR BELLANA:
SHRI N. REDDEPPA:
SHRI POCHA BRAHMANANDA REDDY:
SHRIMATI CHINTA ANURADHA:
SHRI SRIDHAR KOTAGIRI:**

**Will the Minister of CORPORATE AFFAIRS
be pleased to state:**

- (a) whether the Government has set up a Technical Advisory Committee (TAC) recently to provide National Financial Reporting Authority (NFRA) with inputs from the perspective of various key stakeholders.**
- (b) if so, the details thereof including the composition and terms of reference of the Committee; and**
- (c) the details of the steps the NFRA has taken till date to achieve its fundamental objective of driving in systemic change in the Indian Financial Reporting System for Public Interest Entities (PIEs)?**

ANSWER

THE MINISTER OF STATE (INDEPENDENT CHARGE) OF THE MINISTRY OF STATISTICS AND PROGRAMME IMPLEMENTATION; MINISTER OF STATE (INDEPENDENT CHARGE) OF THE MINISTRY OF PLANNING; AND MINISTER OF STATE IN THE MINISTRY OF CORPORATE AFFAIRS.

(RAO INDERJIT SINGH)

(a) & (b): National Financial Reporting Authority (NFRA) has set up a Technical Advisory Committee (TAC) on 17.07.2020. The composition, Term of Reference and details of functioning of TAC are as under:

COMPOSITION:

S.No.	Name and Designation	Position
1.	Dr R Narayanaswamy, Professor, Indian Institute of Management, Bangalore	Chair
2.	Ms. Vidya Rajarao, Chartered Accountant and Certified Fraud Examiner	Member
3.	Ms. Gargi Ray, Chief Financial Officer of Infosys Consulting Group	Member
4.	Mr. Anantha Narayan, Former Head of Equity Research at Credit Suisse and Morgan Stanley	Member
5.	Mr. Shriram Subramanian, Managing Director, InGovern	Member
6.	Mr. S Subramaniam, Chief Financial Officer, Titan Company Limited	Member
7.	Mr. Suhas Tuljapurkar, Managing Partner, Legasis	Member

TERMS OF REFERENCE:

- (i) Aid and advise the Executive Body (EB) of the NFRA on issues relating to the drafts of accounting standards and auditing standards;**
- (ii) Advise on improvements to the processes followed by the EB, especially relating to AQRs (Audit Quality Reviews);**
- (iii) Provide inputs form the perspectives of users, preparers, and auditors of financial statements;**
- (iv) Advise on suitable methods for promoting awareness relating to compliance with accounting and auditing standards and role of the NFRA in protecting investors through independent auditor regulation;**
- (v) Advise on development of measures of audit quality;**
- (vi) Any other matter that may be referred to the Committee by the EB.**

DETAILS OF FUNCTIONING OF TAC:

- (i) The members will serve part-time on the TAC, attending meetings as and when convened by the Chair.**
- (ii) The agenda for meetings will be finalised by discussion between the Chairperson, NFRA, and the Chair of the TAC.**
- (iii) The TAC will submit its recommendations to Chairperson NFRA, who will consider the same for appropriate action.**
- (iv) The meetings of the TAC shall ordinarily be though Video Conferencing. When felt necessary by the Chair, TAC, and the Chairperson, NFRA, meetings in person may also be held.**
- (v) The TAC will keep matters brought before the Committee / discussed in the Committee / recommended by the Committee in strict confidence.**
- (vi) In case of any conflict of interest on any matter brought before the TAC, the member concerned should bring it to the notice of the Chair who will decide if the member can participate / needs to recuse himself from the discussion.**
- (vii) The TAC may invite, or seek the opinion of, any expert relating to any matter.**

(viii) Sitting Fees, and Travelling and Daily Allowances for the Committee members and the Chair will be as decided by Ministry of Corporate Affairs. Normally, a sitting is expected to occur once in about two months, depending upon the subjects that may arise.

(ix) The tenure of the TAC will be one year from the date of its first meeting, or as decided by Chairperson NFRA, whichever is earlier.

(x) On any matter not covered by the above, the decision of the Chairperson, NFRA, will be final.

(c): Ministry of Corporate Affairs had directed NFRA to conduct investigation in respect of Infrastructure Leasing & Financial Services Limited (IL&FS). In this reference, NFRA has carried out the following:

(i) (a) NFRA has released three Audit Quality Review (AQR) Reports in respect of Statutory Audit of IL&FS Financial Services Limited (IFIN) for the Financial Year 2017-18.

(b) NFRA has sent its report to the Ministry of Corporate Affairs on violations of Companies Act, 2013, covering action required to be taken against other than the auditors, based on the Audit Quality Review (AQR) of statutory audit of IL&FS Financial Services Limited (IFIN) for the financial year 2017-18.

(c) NFRA has issued three orders against Chartered Accountants under Section 132(4) of the Companies Act for proven professional misconduct. The said orders have not been given effect to so far owing to the orders of Hon`ble High Court of Delhi.

(d) NFRA has issued show cause notices, in terms of Section 132(4) of the Companies Act, 2013, to 2 audit firms and 2 Chartered Accountants in respect of professional misconduct relating to Statutory Audits. Proceedings in respect of these notices are presently in abeyance owing to orders of the Hon'ble Delhi High Court.

(e) NFRA has finalised and conveyed to the Ministry of Corporate Affairs its recommendations with regard to various Auditing and Accounting standards, and the Companies Auditors Report Order.

(ii) NFRA has issued show cause notices to 2 audit firms with regard to premature resignation from the statutory audit of listed entities.

(iii) Audit quality reviews and financial reporting quality reviews of various entities have been initiated.

(iv) Training to staff has been imparted for carrying out Audit quality reviews and Financial reporting quality reviews.

(v) The TAC submitted its Report on Enhancing Engagement with Stakeholders on 28.03.21. NFRA has examined the recommendations of the TAC and has put out a Consultation Paper giving its preliminary planned course of action thereon, and has invited comments on the same.
