

GOVERNMENT OF INDIA
MINISTRY OF CORPORATE AFFAIRS
LOK SABHA
UN-STARRED QUESTION NO. 2432
ANSWERED ON MONDAY, August 1, 2022/ Sravana 10, 1944 (SAKA)
DISCIPLINARY ACTION AGAINST CAs/CSs
QUESTION

2432. SHRI KOTHA PRABHAKAR REDDY:

Will the Minister of CORPORATE AFFAIRS

be pleased to state:

- (a) whether the Union Government has recommended disciplinary action against some Chartered Accountants (CAs) and Company Secretaries (CSs) for their alleged role in incorporating Chinese shell companies in metropolitan cities by flouting norms and rules;**
- (b) if so, the details thereof since 2014 onwards till date/present status of cases still pending along with the reasons therefor and time frame to dispose of all the cases;**
- (c) whether the Government has amended the Chartered Accountants Act, 1949, the Cost and Work Accountants Act, 1959 and the Companies Secretary Act, 1980 to bring more accountability and timebound disciplinary action against CAs and CSs; and**
- (d) if so, the details and implementation status thereof and if not, the reasons therefor?**

ANSWER

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): The term shell company is not defined under the Companies Act 2013. However, as per section 248 of the said Act, the Registrar of Companies is authorized to strike off non-operational companies. Insofar as action against Chartered Accountants and Company Secretaries for professional misconduct is concerned, such complaints are dealt by the Institute of Chartered Accountants of India as per the provisions of the Chartered Accountants Act, 1949 and by the Institute of Company Secretaries of India as per Institute of Company Secretaries Act, 1980 and the rules framed there under.

(c) & (d): Yes Sir, the Government has amended the Chartered Accountants Act, 1949, the Cost and Works Accountants Act, 1959 and the Companies Secretary Act, 1980 through the Chartered Accountants, the Cost and Works Accountants and the Companies Secretaries (Amendment) Act, 2022 which was notified on 18th April, 2022.

81 Sections of the said Amendment Act, 2022 have been brought into force w.e.f. 10th May, 2022. The provision of the said Amendment Act, 2022 pertaining to disciplinary mechanism have not been brought into force.
