

**GOVERNMENT OF INDIA  
MINISTRY OF CORPORATE AFFAIRS**

**LOK SABHA  
UNSTARRED QUESTION NO. 3683  
ANSWERED ON MONDAY, 16<sup>TH</sup> MARCH 2026  
PHALGUNA 25, 1947 (SAKA)**

**CORPORATE TRANSPARENCY AND PARLIAMENTARY OVERSIGHT**

**QUESTION**

**3683. DR. PRABHA MALLIKARJUN:**

**WILL THE MINISTER OF CORPORATE AFFAIRS BE PLEASED TO STATE:**

- (a) whether the Government is regularly informed of systemic compliance failures and enforcement outcomes, if so, the details thereof;**
- (b) whether annual reports include measurable governance and investor protection indicators, if so, the details thereof;**
- (c) whether regulatory impact assessments are conducted before major rule changes, if so, the details thereof;**
- (d) whether stakeholder consultations are institutionalized, if so, the details thereof; and**
- (e) whether enhanced parliamentary oversight is proposed to strengthen corporate accountability and if so, the details thereof?**

**ANSWER**

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

**(SHRI HARSH MALHOTRA)**

- (a) The enforcement action taken by the Ministry comprises of inquiry, inspection and investigations ordered under sections 206(4), 206(5), 210 & 212, respectively of the Companies Act, 2013 to identify non-compliance of various provisions of the Companies Act, 2013 such as, violation of disclosure norms, related party transactions,**

**misuse of funds, audit failures etc. On the basis of reports of the Registrars of Companies, Regional Director(s) and Serious Fraud Investigation Office, the Ministry issues instructions for taking necessary penal action. The findings of the Inquiry/ Inspection/ Investigation reports are also shared with enforcement agencies like Enforcement Directorate (ED), Income Tax (IT) Department, and GST Authorities as the case may be, to enable further course of action against such companies and individuals associated with such companies. Details of the enforcement actions and outcomes for the last three years are at Annexure 'A'.**

**(b) Annual Reports of the companies have been mandated to contain several quantitative and qualitative indicators that enable investors, regulators, and other stakeholders to take informed decisions. The important indicators which are mandated to be part of annual reports is provided under section 134 of the Companies Act, 2013 and Rules made thereunder. Summary of the important indicators are at Annexure 'B'.**

**(c) & (d) As per the "Policy for Pre-Legislative consultation and comprehensive review of existing Rules and Regulations" issued by the Ministry, the draft principal rule or any draft amendment (including any Form annexed to the Rules) may be prepared along with an explanatory note which may be placed on the Ministry's website for at least 30 days. Rules of emergent nature or where in public interest it is expedient that they may be issued earlier, may not be placed for stakeholders' consultations or may be placed for comments for a shorter period. Consultation with specific Body/ Institute/ Agency can also be made. The Policy also covers manner of public consultation for circulars, if the concerned Division of the Ministry considers it useful.**

**The Policy also states that where there is a specific statutory provision for consultation, it shall be followed. Further, the Policy also provides that sufficient period may be given to the stakeholders to comply with the new set of rules and that the date of enforcement of rules should ordinarily be 30 days after the date of notification**

**unless a different date is considered necessary for any matter of urgency or public interest.**

**The suggestions received during such consultations are examined. During this exercise, assessment of the impact of the proposed amendments in Rules is also conducted.**

**(e) The Ministry administers the provisions of the Companies Act, 2013 relating to various aspects of corporate functioning and accountability. Notifications in respect of the Rules, including amendments thereto, are laid before both Houses of Parliament as per Section 469(4) of the Companies Act, 2013. This section provides that every rule made under the Act, shall be laid, as soon as may be after it is made, before each House of Parliament, while it is in session, for a total period of thirty days which may be comprised in one session or in two or more successive sessions, and if, before the expiry of the session immediately following the session or the successive sessions aforesaid, both Houses agree in making any modification in the rule or regulation or both Houses agree that the rule or regulation should not be made, the rule or regulation shall thereafter have effect only in such modified form or be of no effect, as the case may be; so, however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that rule or regulation.**

**In addition to the above, the Hon'ble Standing Committee on Finance and Hon'ble Parliamentary Standing Committee on Subordinate Legislation also exercise oversight over the administration of the Companies Act, 2013 and Rules made thereunder. The above Committees review the implementation of the Companies Act, 2013 on various subjects/ topics viz., Corporate Governance, Corporate Social Responsibility, Ease of Doing Business, Investor Education and Protection Fund, Capital Market aspects, etc. and gives their observations & recommendations. The Ministry submits Action Taken Reports on the above. In view of the above existing parliamentary oversight mechanism, no such proposal is under consideration.**

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**Annexure 'A'**

**In reply to part (a) of Unstarred Lok Sabha Q. No. 3683**

<b>Particulars</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>
<b>Number of inquiries ordered</b>	<b>123</b>	<b>240</b>	<b>343</b>
<b>Number of inspections ordered</b>	<b>186</b>	<b>166</b>	<b>93</b>
<b>Number of investigations ordered</b>	<b>124</b>	<b>58</b>	<b>47</b>
<b>Number of companies penalised under the in-house adjudication mechanism</b>	<b>901</b>	<b>980</b>	<b>1066</b>

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**In reply to part (b) of Unstarred Lok Sabha Q. No. 3683**

**(i) Section 134 of the Companies Act, 2013, governs the approval, signing, and disclosure requirements for a company's financial statements and Board's Report. It requires the Board to approve financial statements—including consolidated financial statements—before signing by authorized directors and submission to auditors. The Companies Board Report shall include the following : -**

- i. the web address, if any, where annual return referred to in sub-section (3) of section 92 has been placed;**
- ii. number of meetings of the Board;**
- iii. Directors' Responsibility Statement;**
- iv. details in respect of frauds reported by auditors under sub-section (12) of section 143 other than those which are reportable to the Central Government;**
- v. a statement on declaration given by independent directors under sub-section (6) of section 149;**
- vi. in case of a company covered under sub-section (1) of section 178, company's policy on directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and other matters provided under sub-section (3) of section 178;**
- vii. explanations or comments by the Board on every qualification, reservation or adverse remark or disclaimer made by the auditor in his report and by the company secretary in practice in his secretarial audit report;**
- viii. particulars of loans, guarantees or investments under section 186;**
- ix. particulars of contracts or arrangements with related parties referred to in sub-section (1) of section 188 in the prescribed form;**

- x. the amount, if any, which it recommends should be paid by way of dividend;**
- xi. material changes and commitments, if any, affecting the financial position of the company which have occurred between the end of the financial year of the company to which the financial statements relate and the date of the report;**
- xii. the conservation of energy, technology absorption, foreign exchange earnings and outgo, in such manner as may be prescribed;**
- xiii. a statement indicating development and implementation of a risk management policy for the company including identification therein of elements of risk, if any, which in the opinion of the Board may threaten the existence of the company;**
- xiv. the details about the policy developed and implemented by the company on corporate social responsibility initiatives taken during the year;**
- xv. in case of a listed company and every other public company having such paid-up share capital as may be prescribed, a statement indicating the manner in which annual evaluation of the performance of the Board, its Committees and of individual directors has been made;**

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