

**GOVERNMENT OF INDIA
MINISTRY OF CORPORATE AFFAIRS
LOK SABHA
UNSTARRED QUESTION NO. 4995
ANSWERED ON MONDAY, 23rd March 2026**

ADJUDICATION OF CORPORATE COMPLIANCE VIOLATIONS

4995. Shri Praveen Khandelwal:

Will the minister of Corporate Affairs be pleased to state:

- (a) whether average timelines for adjudication of corporate compliance violations under the Companies Act have been assessed, if so, the details thereof;**
- (b) whether compounding and adjudication proceedings are being digitised end-to-end, if so, the details thereof;**
- (c) whether risk-based inspection models are being implemented to reduce unnecessary compliance burden on smaller companies, if so, the details thereof;**
- (d) whether data analytics is being used to identify shell companies and related-party transaction irregularities, if so, the details thereof; and**
- (e) the steps taken by the Government to strengthen transparency and efficiency in corporate regulatory enforcement?**

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) Yes Sir. The average time taken to issue order from the date of initiation of adjudication proceedings of the disposed cases is presently around 43 days.**
- (b) Under MCA 21 Version 3 (V3), the Ministry has launched the E-adjudication module in September 2024 to establish a technology driven adjudication mechanism to digitize end to**

end adjudication proceedings. Further, appeals against the order of adjudication are also digitized end to end. Compounding proceedings under the Companies Act, 2013 are partially digitised (at the filing stage) through the MCA 21 system.

(c) Whenever any complaint or reference is received from the Central/Regional Economic Intelligence Committee (CEIC/REIC), Fraud Monitoring Reports (FMRs) from banks, reports of the Market Research and Analysis Unit (MRAU) of the Serious Fraud Investigation Office (SFIO), or references from the Central Bureau of Investigation (CBI), Securities and Exchange Board of India (SEBI), Insolvency and Bankruptcy Board of India (IBBI), through e-Form ADT-4 filed by the auditor of a company pointing out serious violations or corporate governance issues and having public interest, the same are examined. Based on examination and the gravity of the cases Inspections are ordered against the company under Section 206(5) of the Companies Act, 2013.

(d) The term “shell company” is not defined under the Companies Act, 2013. As regards irregularities in related party transactions, filings made by companies in the MCA21 system that are flagged are examined further and appropriate action is taken based on such examination.

(e) The Ministry has migrated all filings to MCA21 V3. The transition aims to enhance compliance efficiency, standardize data reporting, and promote digitized corporate governance through features such as web-based filing, enhanced validations, pre-filled forms, and robust authentication mechanisms. Further, other functionalities of the above portal like e-Adjudication, e-Consultation, etc have been introduced to strengthen transparency and efficiency in corporate regulatory enforcement.

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