10

STANDING COMMITTEE ON FINANCE

(2024-25)

EIGHTEENTH LOK SABHA

MINISTRY OF CORPORATE AFFAIRS

DEMANDS FOR GRANTS
2025-26

TENTH REPORT

सत्यमेव जयते

LOK SABHA SECRETARIAT
NEW DELHI

March, 2025/ Phalguna, 1946 (Saka)

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Presented to Lok Sabha on 19 March, 2025

Laid in Rajya Sabha on 19 March, 2025

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COMPOSITION OF STANDING COMMITTEE ON FINANCE (2024-25)

Shri Bhartruhari Mahtab - Chairperson

MEMBERS

LOK SABHA

2. Shri Arun Bharti
3. Shri P. P. Chaudhary
4. Shri Lavu Sri Krishna Devarayalu
5. Shri Gaurav Gogoi
6. Shri K. Gopinath
7. Shri Suresh Kumar Kashyap
8. Shri Kishori Lal
9. Shri Harendra Singh Malik
10. Shri Chudasama Rajeshbhai Naranbhai
11. Thiru Arun Nehru
12. Shri N. K. Premachandran
13. Dr. C. M. Ramesh
14. Smt. Sandhya Ray
15. Prof. Sougata Ray
16. Shri P. V. Midhun Reddy
17. Dr. Jayanta Kumar Roy
18. Dr. K. Sudhakar
19. Shri Manish Tewari
20. Shri Balashowry Vallabhaneni
21. Shri Prabhakar Reddy Vemireddy

RAJYA SABHA

22. Shri P. Chidambaram
23. Shri Milind Murli Deora
24. Dr. Ashok Kumar Mittal
25. Shri Yerram Venkata Subba Reddy
26. Shri S. Selvaganabathy
27. Shri Sanjay Seth
28. Dr. Dinesh Sharma
29. Smt. Darshana Singh
30. Dr. M. Thambidurai
31. Shri Pramod Tiwari

SECRETARIAT

1.	Shri Gaurav Goyal	Joint Secretary
2.	Shri Vinay Pradeep Barwa	Director
3.	Shri T. Mathivanan	Deputy Secretary
4.	Ms. Abhiruchi Srivastava	Assistant Executive Officer

INTRODUCTION

I, the Chairperson, of the Standing Committee on Finance, having been authorised by the Committee, present this Tenth Report (Eighteenth Lok Sabha) on 'Demands for Grants (2025-26)' of the Ministry of Corporate Affairs.

2. The Demands for Grants (2025-26) of the Ministry of Corporate Affairs have been examined by the Committee under Rule Section 331E(1)(a) of the Rules of Procedure and Conduct of Business in Lok Sabha.

3. The Committee took oral evidence of the representatives of the Ministry of Corporate Affairs on 18 February, 2025. The Committee wish to express their thanks to the representatives of the Ministry of Corporate Affairs for appearing before the Committee and furnishing the material and information which the Committee desired in connection with the examination of the Demands for Grants (2025-26).

4. The Committee considered and adopted this Report at their Sitting held on 18 March, 2025.

5. For facility of reference, the Observations / Recommendations of the Committee have been printed in bold at the end of the Report.

6. The Committee would also like to place on record their deep sense of appreciation for the invaluable assistance rendered to them by the officials of Lok Sabha Secretariat attached to the Committee.

New Delhi;
18 March, 2025
27 Phalguna, 1946 (Saka)

Bhartruhari Mahtab
Chairperson,
Standing Committee on Finance

REPORT

I. INTRODUCTORY

The mandate of the Ministry of Corporate Affairs (MCA), *inter alia*, includes the administration of a wide range of statutes for the regulation of the corporate sector, as given below:

(i) The Companies Act, 2013/ The Companies Act, 1956

(ii) The Limited Liability Partnership Act, 2008

(iii) The Competition Act, 2002

(iv) The Insolvency and Bankruptcy Code, 2016

(v) The Chartered Accountants Act, 1949

(vi) The Cost and Works Accountants Act, 1959

(vii) The Company Secretaries Act, 1980

(viii) The Societies Registration Act, 1860 and Indian Partnership Act, 1932 (in centrally administered areas)

(ix) The Companies (Donations to National Funds) Act, 1951

II. FUNCTIONS

2. The main responsibilities of the Ministry are as follows:

(i) Administration of the provisions of Companies Act, 2013

(ii) Notification of remaining sections of Companies Act, 2013

(iii) Formulation of Rules and Regulations under various statutes administered by the Ministry

(iv) Convergence of Indian Accounting Standards with International Financial Reporting Standards (IFRS)

(v) Implementation of Competition Act through the Competition Commission of India (CCI)

(vi) Implementation of e-Governance in MCA

(vii) Building systems for early detection of irregularities in corporate functioning

(viii) Conducting Investor Education and Awareness Programmes

(ix) Investigation of serious frauds through the Serious Fraud Investigation Office (SFIO)

(x) Management of the cadre of Indian Corporate Law Service (ICLS).

(xi) Administrative support to attached organizations, namely, IICA, SFIO, CCI, NCLT, NCLAT, IBBI

ORGANISATIONAL STRUCTURE

3. The mandate of the Ministry of Corporate Affairs (MCA) is to provide regulatory and administrative framework for world class governance of corporates through the administration of the Companies Act, 2013, Insolvency and Bankruptcy Code, 2016, Competition Act, 2002 and certain other allied statues. The MCA is implementing these tasks with the help of its attached and subordinate offices/ autonomous organisations including Quasi-Judicial Bodies across the country. These include seven offices of Regional Directors, eighteen offices of Registrar of Companies (ROCs), nine offices of Registrar of Companies- cum-Official Liquidators(ROC-cum-OLs),fourteen offices of Official Liquidators(OLs); five statutory bodies viz. (i) Serious Fraud Investigation Office; (ii) Competition Commission of India (CCI); (iii) Insolvency and Bankruptcy Board of India (IBBI); (iv) National Financial Reporting Authority (NFRA); (v) Investor Education & Protection Fund (IEPF) Authority; two Quasi-Judicial Bodies viz. (i) National Company Law Tribunal (NCLT) (ii) National Company Law Appellate Tribunal(NCLAT), one Autonomous Body viz. Indian Institute of Corporate Affairs (IICA) and one Central Sector Schemes viz., Corporate Data Management (CDM). A new scheme namely, New Internship Programme (PM Internship Scheme), is introduced in Budget 2024-25. It aims to provide internship opportunities to one crore youth in top 500 companies in five years.

III. BUDGETARY ALLOCATIONS AND UTILISATION

4. The budget of the MCA is utilised mainly for development, operation and maintenance of basic infrastructure including software development as well as meeting the salary and related expenditure of the Secretariat of the Ministry of Corporate Affairs and its attached, subordinate offices, quasi-judicial, statutory bodies and autonomous institutions as mentioned above. The Indian Institute of Corporate Affairs (IICA) which is an autonomous body of the Ministry, has become self-sustaining from 2021-22.

5. Details of the total funds sought by the Ministry, funds allocated and utilized including funds surrendered for the last 3 years are given below:-

(₹ in crore)

Year	Budget Estimates			Revised Estimates			Actual Expenditure			Surrender		
	Capital	Revenue	Total	Capital	Revenue	Total	Capital	Revenue	Total	Capital	Revenue	Total
2021-22	51.00	661.13	712.13	40.30	619.45	659.75	40.18	588.79	628.97	0.00	24.91	24.91
2022-23	40.50	692.52	733.02	35.50	594.86	630.36	5.60	563.09	568.69	34.86	126.61	161.47
2023-24	42.00	714.19	756.19	42.00	575.43	617.43	37.73	553.06	590.79	4.27	22.31	26.58

2021-22: Total B.E. for the MCA is Rs. 712.13 crore which has been reduced to Rs.659.75 crore at R.E. stage. The actual expenditure was Rs. 628.97 crore (i.e. 95.33%). The amount surrendered was Rs. 24.91 crore (i.e. 3.77 % of R.E.).

2022-23:Total B.E. for the MCA is Rs. 733.02 crore which has been reduced to Rs. 630.36 crore at R.E. stage. The actual expenditure was Rs. 568.69 crore (i.e. 90.21%oftheR.E.).The amount surrendered was Rs.161.4746 crore (i.e. 25.61 % of R.E.).

2023-24: Total B.E. for the MCA is Rs. 756.19 crore which has been reduced to Rs.617.43 crore at R.E. stage. The actual expenditure was Rs. 590.79 crore (i.e. 95.68% of R.E.). The amount surrendered was Rs. 26.58 crore (i.e. 4.03% of R.E.).

6. With regard to the surrendered amount of Rs. 165.34 crore it is stated that Rs. 138.76 Crore was technical surrender in view of the difference of BE 2023-24 (Rs. 756.19 Crore) and RE 2023-24 (Rs. 617.43Crore). Besides this, the remaining surrender of Rs.26.58 Crore was the actual surrender which is 3.51% of the BE 2023-24. Moreover, various bills expected from the vendors in the last month of the financial year 2023-24, could not be received which resulted in the increase of surrender in financial year 2023-24.

7. BE, RE and actual expenditure during 2024-25 and BE 2025-26

(₹ in crore)

Year	Budget Estimates			Revised Estimates			Actual Expenditure (up to 03.02.2025)		
	Capital	Revenue	Total	Capital	Revenue	Total	Capital	Revenue	Total

2024-25	55.10	2611.96	2667.06	55.10	1023.33	1078.43	27.89	489.64	517.53 (19.40%of BE2024-25)
2025-26	116.33	11444.86	11561.19	-	-	-	-	-	-

2024-25: Total BE for the MCA is Rs. 2667.06 Crore which has been reduced to Rs. 1078.43 crore at RE stage and the expenditure as on 03.02.2025 is Rs. 517.53 Crore (i.e. 47.98% of the RE).

8. For the FY 2025-26, BE of Rs. 11561.19 crore has been allocated.

(₹ in crore)

Year	BE	RE	Actuals
2021-22	712.13	659.75	628.97
2022-23	733.02	630.36	*568.69*
2023-24	756.19	617.43	*590.79*
2024-25	2667.06	1078.43	517.53 (upto 03.02.2025)
2025-26	11561.19		

9. Elaborating upon the reasons for downward revision of the budgeted expenditure in respect of the MCA, the Ministry stated as under:-

YEAR	BE (₹in crore)	RE (₹in crore)	Actuals (₹in crore)	Remarks/reasons
2021-22	712.13	659.75	628.97	In the FY 2021-22, due to COVID-19 Pandemic, the Ministry of Finance had restricted the expenditure ceiling of the Ministry to 20 percent of the total BE 2021-22 (₹ 712.13 crore) for 2nd quarter of the FY 2021-22 therefore less expenditure was incurred in second half of the financial year. Besides above, the allocation of this Ministry was reduced as the expenditure was less due to ground effects of COVID.
2022-23	733.02	630.36	568.69	The budget allocated for disbursement of funds to CPWD for payment towards construction of Corporate Bhawan, Kolkata was not utilized by CPWD owing to legal dispute with its Contractor. Hence, due to legal

				implications of dispute of CPWD with Contractor, the funds in this FY were not utilized to the extent of allocation.
2023-24	756.19	617.43	590.79	Due to non-fulfilment of contractual obligations by Service Provider for MCA21 Operation, around ₹ 47 Crore could not be spent under Revenue Head in FY 2023-24. Further savings was also due to non-holding of CSR Awards and postponement of funds utilization on Research Activities to next FY. Further due to non-filling of intended posts in the attached offices of the Ministry the savings were reported. Besides the above due to late submissions of bills by Vendors, the funds were not incurred in various field offices of RoCs and OLs, hence there were some savings. Further some savings are due to non-submission of anticipated bills by Vendors in fag end of the FY, which leads to Savings in Secretariat and other Organizations. In view of above circumstances the intended utilization of funds could not materialise,
2024-25	2667.06	1078.43	517.53 (as on 03.02.2025)	In BE 2024-25 the allocation for PM Internship scheme was Rs 2000 Cr. This allocation was made in the Budget. Later on the Expenditure Finance Committee examined the proposal and it approved an amount of ₹ 840 Crore to be spend over a period of 12 months from the date of beginning of the scheme on the pilot project aimed to onboard 1.25 Lakh interns. Since, the Scheme was to be launched in the month of December, the amount was reduced to ₹ 380 Cr at Revised Estimate (RE) stage. This reduction of ₹ 1620 Cr. in this scheme is the major reason for downward revision. The ₹ 840 Crores approved by the EFC includes one time payment of ₹ 6,000/- and 12 months assistance of ₹ 4,500/- PM to 1.25 Lakh Interns. The interns started joining from December, 2024.

				Till date ₹ 48 Crore has been booked (₹ 12 Crore actually spent) by the Ministry of Corporate Affairs, which includes expenses on one-time payment of ₹ 6,000/- and monthly payment for 2 months as also creating the system for implementation of the Scheme. As the number of interns who have joined in December and January is about 8,000, therefore there is a gap in the budgeted expenditure and actual expenditure.

Non-Tax Revenue Receipts under the Major Head "0071","0075" & Major Head "1475" for the last three FYs is given below: -

(₹ in crores)

Head of Account	2020-21	2021-22	2022-23	2023-24
0071-Contributions and Recoveries (A)				
BE	0.18	0.11	0.08	0.04
RE	0.10	0.06	0.04	0.02
Actual	0	0.04	0.02	0.54
0075-MiscGeneralService (B)*				
BE	550.00	575.00	630.00	650.00
RE	565.00	600.00	650.00	660.00
Actual	575.39	531.86	554.40	2570.35
1475-OtherGeneralEconomicService (C)**				
BE	2700.00	1533.75	2286.00	2173.00
RE	1022.75	2078.00	2172.50	4235.00
Actual	1550.07	2401.64	2363.56	4326.98
Total BE(A+B+C)	3250.18	2108.86	2916.08	2823.04
Total RE(A+B+C)	1587.85	2678.06	2822.54	4895.02
Total Actual(A+B+C)	2125.46	2933.54	2917.98	6897.87
Overall % with reference to BE	65.40	139.11	100.07	244.34
Overall % with reference to RE	133.86	109.54	103.38	140.92

*0075-Misc.General Services- includes receipts in the form of Unclaimed Dividends of Companies and Dividends received on shares under other receipts.

**1475-Other General Economic Services- includes receipts in the form of fee realized under Regulation of Joint Stock Companies, Registration fees, Filing fees, Inspection and Copying fees, Penalties imposed by CCI, IBBI &NFRA, Limited Liability Partnership and includes cost/fees awarded for Amalgamation of Companies etc. under other receipts, Interest from Grantee on Unspent balances.

10. Regarding important features of Demands for Grants (2025-26) of the Ministry of Corporate Affairs, the Ministry furnished following information:

"The Ministry of Corporate Affairs (MCA) has proposed a significant increase in its budget for the fiscal year 2025-26, with the Budget Estimate (BE) set at ₹11,561.19 crore, compared to the Revised Estimate (RE) of ₹1,078.43 crore for 2024-25. This increase is mainly due to allocation for PM Internship Scheme. The overall allocation for this is ₹ 10831.07 Cr out of the total BE of 11561.19 Cr. Furthermore, CDM scheme has allocation of ₹ 11 Cr in BE 2025-26. Therefore, ₹ 719.12 Cr (₹ 11561.19 Cr – ₹ 10831.07 Cr – ₹ 11 Cr) is for expenditure on establishment and other offices. It is further stated that a new project named iPIE is being initialized by Insolvency Division and the allocation for this in BE 2025-26 is ₹ 36 Crore. Apart from these, there is no other initiatives for creation of Institutions/ Assets/ Agencies that require significant budget allocation in FY 2025-26."

IV. ISSUES RELATED TO MINISTRY OF CORPORATE AFFAIRS

A. Prime Minister's Internship Scheme (PMIS)

11. The Prime Minister's Internship Scheme in top Companies was announced in the Budget 2024-25. It aims to provide internship opportunities to one crore youth in top 500 companies over five years. Through this Scheme, youth will gain exposure to real-life business environment, across varied professions and employment opportunities. To roll-out this ambitious Scheme, a Pilot Project of the Scheme, targeted at providing 1.25 lakh internship opportunities during FY 2024-25, was launched on October 3, 2024 through an online portal, accessible at

www.pminternship.mca.gov.in. This Portal acts as a centralized platform for managing the entire internship lifecycle.

Partner companies for this Pilot Project have been identified on the basis of the average of CSR expenditure of the last three years and are available in the PM Internship Portal. Participation of the companies in this Scheme is voluntary. Apart from these companies, any other company/ bank/ financial institution desirous of participating in the Scheme, may do so with the approval of the MCA, which would take a view considering sectors and areas underrepresented by the above mentioned 500 companies.

12. The Scheme is designed to provide an opportunity to the interns to experience real-world business environments, thereby equipping them with practical experience that enhances their employability. A certificate of internship will also be given by the Partner Companies to the interns upon completion of the internship, giving interns an advantageous association with reputable companies on their resume, which can be a significant boost to their career prospects. Further, the interns will be provided with financial assistance of Rs. 5,000 per month, of which Rs. 4500 will be disbursed by the Government, and Rs. 500 per month will be paid by the company from its CSR funds. Additionally, a one-time grant of Rs. 6,000 for incidentals will be disbursed by MCA to each intern, upon joining the place of internship. Insurance coverage under the Pradhan Mantri Jeevan Jyoti Bima Yojana and Pradhan Mantri Suraksha Bima Yojana would be provided to the interns by the Government of India. Expenditures associated with the training of interns under the Scheme, would be borne by the company from its CSR funds, as per the extant rules. In case, any company wishes to provide monthly assistance over and above Rs.500, it may do so from its own funds.

13. In their presentation, the Secretary of the Ministry of Corporate Affairs informed of the internship duration and eligibility criteria as under:

- "Internship Duration -12 months with minimum 6 months in the actual job environment.
- Eligibility criteria:
    - Youth aged between 21 and 24

- Not employed full-time and not engaged in full-time education.
- Have passed High School, Higher Secondary School, ITI, Polytechnic, or graduates with degrees BA, B.Sc, B.Com, BCA, BBA, B.Pharma, etc.
- Following candidates are ineligible to apply:
    - Graduates from IITs, IIMs, National Law Universities, IISER, NIDs, and IIITs.
    - Having qualifications such as CA, CMA, CS, MBBS, BDS, MBA, any master's or higher degree.
    - Undergoing any skill, apprenticeship, internship or student training under Central Govt./ State Govt schemes."

14. According to the Ministry the allocation and utilization of funds for Prime Minister Internship Scheme (PMIS) during the years 2024-25 and 2025-26 was as follows:

(₹ in crores)

Year	BE	RE	Actuals
2024-25	2000	380	21.10
2025-26	10831.07		

The total expenditure as on 14.02.2025 is approximately Rs. 48.41 crores out of which Rs. 21.10 crores has been paid and remaining amount is in the process of payment.

15. Addressing the question regarding the substantial rise in the Budget Estimate (2025-26) for the PMIS, the Ministry in a written reply stated as under :

"As indicated in the Budget Announcement 2024-25, estimated financial outlay for complete scheme is as under:

Phase	Years	Number of Internships	Central Outlay (Amount Rs. in crore)
1	1st & 2nd	30 lakh	19,000/-
2	3rd to 5th	70 lakh	44,000/-
Total financial outlay of the proposed Scheme			63,000/-

In the Budget Estimate of FY 2024-25, an amount of Rs. 2000 crores was allocated to Ministry of Corporate Affairs, for the FY 2024-25. As an initiation to this ambitious scheme, a Pilot Project of the PM Internship Scheme was launched to provide 1.25 lakh internship opportunities to the youth in the FY 2024-25. An amount of Rs. 840 crores was approved by the government for the PM Internship Scheme – Pilot Project.

For the FY 2025-2026, Rs.10831.07crore Budget Estimate has been provided which targets to provide about 15 lakh internship opportunities to the youth in the FY 2025-26. As the number of internship opportunities targeted to be provided to the youth has significantly increased from 1.25 lakh in FY 2024-25 to 15 lakh in the FY 2025-26, the Budget Estimates have also increased concomitantly".

16. Regarding the physical and financial targets under PMIS, the Ministry in a written reply stated as under:

"Targets of the PM Internship Scheme

(i) The Pilot Project was targeted at providing 1.25 lakh internship opportunities to the youth in the Fy 2024-25. It is stated that the Round I of the PM Internship Scheme- Pilot Project commenced on October 3, 2024. In the first round of the Pilot Project, more than 1.27 lakh internship opportunities were provided by the partner companies in 745 districts across the country. Against these, approximately 6.21 lakh applications were received, from over 1.8 lakh candidates. In the first round, partner companies have made over 82000 internship offers to over 60 thousand candidates, out of which, more than 28000 candidates have accepted offers to join the internship. So far, more than 8700 candidates, belonging to 686 districts have joined.

(ii) The second round of the PM Internship Scheme – Pilot Project has commenced from January 9, 2025, and in which the companies have posted new opportunities as well as edited unfilled vacancies. Till 14.02.2025, about 1.15 lakh new & edited internship opportunities have been posted by the companies.

(iii) Thus, with respect to the internship opportunities, in the Round I of the Pilot Project more than 1.27 lakh internship opportunities were provided by the companies, as against the target of 1.25 lakh internship opportunities.

(iv) Rs. 380 crores (RE) includes payment of one time financial assistance of Rs. 6000 and monthly assistance of Rs. 4500/ month to 1.25 lakh interns for a period of 3 months. Till date, approximately Rs. 48.41 crores has been incurred/ committed. The interns started joining from December, 2024, and so far about 8700 interns have joined. Thus, one-time financial assistance and only 2 months' assistance (December, 2024 and January 2025) is being paid to the eligible interns."

17. Regarding the last evaluation of the scheme made by any agency, the Ministry in its written reply stated as under:

"The Ministry is carrying out concurrent evaluation of the scheme, through a feedback Survey being carried out by the following institutes:

- Indian Institute of Management- Bangalore (IIM-B)- Southern Region
- Delhi School of Economics (DSE)- Northern Region
- Symbiosis Institute of Business Management (SIBM)-Western Region
- Indian Institute of Corporate Affairs (IICA)- Eastern Region"

18. On the question of the difficulties faced by the Ministry in its implementation of PMIS and the steps taken to address the same, the Ministry in a written reply stated as under:

"During consultations with stakeholders, it was revealed that in the first round of the PM Internship Scheme – Pilot Project, many candidates wanted that details of the company, internship location and additional benefits (if any) should be visible to the candidates. In the Round II of the Pilot Project, following changes have been incorporated:

- Company's name and company's profile is made visible;
- Exact internship location, along with geo tagging of the internship location has been done;
- Any additional benefits or assistance offered by the company, are made visible to the candidates;
- UI/ UX of the PM Internship Portal has been made better;
- Dashboards have been provided to the state governments for active monitoring and to encourage youth participation in the scheme;

- Voice Notes and Information buttons have been incorporated widely in the Portal;
- Active engagement with state governments, and collaboration to conduct IEC campaigns such as camps, are being organized at various places across the country."

19. In response to inquiries about key data related to the Prime Minister's Internship Scheme (PMIS), the Ministry provided the following information:

<table>
<tr><th>Data category</th><th>Details Requested</th><th>Response of the Ministry</th></tr>
<tr><td>Total Internships Offered</td><td>Number of internships offered by companies under PMIS so far (2024-25)</td><td>PMIS- Pilot Project
Round I : 1.27 lakh
Round II : 1.15 lakh
(new & edited)</td></tr>
<tr><td>Internships by Sector/Industry</td><td>Number of internships offered by industry sectors (e.g., IT, Manufacturing, Banking, etc.)</td><td>The number of internships mentioned above includes opportunities provided across 25 sectors like IT, Manufacturing, Banking etc.</td></tr>
<tr><td>Intern Dropout Rate so far</td><td>Percentage of Number of interns who have dropped out before completion to date</td><td>Interns started joining under the scheme from December, 2024, hence the dropout rate can only be determined after completion of 12 months' internship period.</td></tr>
<tr><td>Number of Companies Participating</td><td>Total number of companies participating in the scheme so far</td><td>Total number of companies participated in Round I – 280
Total number of companies participated in Round II - 318</td></tr>
<tr><td>Top 5 Companies Offering Internships</td><td>List of the top 5 companies (based on number of internships offered)</td><td>Top 5 companies in Round I (along with internship opportunities)
<table>
<tr><th>S. No.</th><th>Company Name</th><th>No. of Opportunities</th></tr>
<tr><td>1</td><td>Jubilant Foodworks Limited</td><td>14263</td></tr>
<tr><td>2</td><td>Maruti Suzuki India Limited</td><td>12444</td></tr>
<tr><td>3</td><td>ONGC Limited</td><td>6020</td></tr>
<tr><td>4</td><td>Reliance Industries Limited</td><td>5000</td></tr>
<tr><td>5</td><td>Eicher Motors</td><td>4260</td></tr>
</table>
</td></tr>
</table>

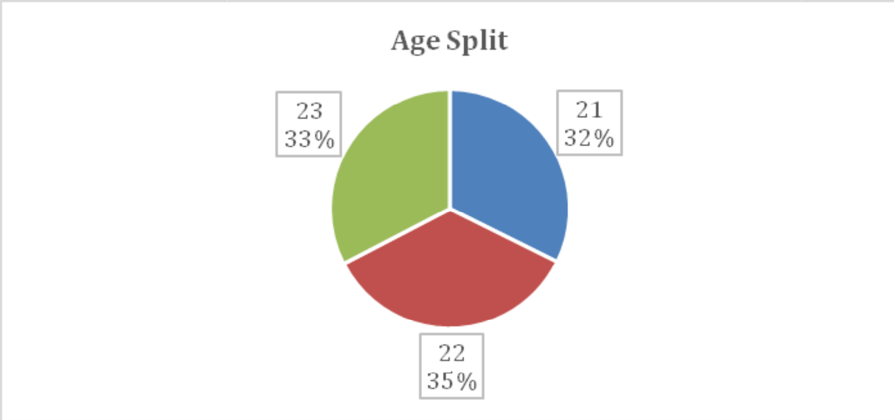
		Limited
Monitoring and Evaluation	Data on feedback and evaluation metrics from interns and companies	The Ministry is carrying out concurrent evaluation of the scheme, through a feedback Survey being carried out by the following institutes: • Indian Institute of Management- Bangalore (IIM-B)- Southern Region • Delhi School of Economics (DSE)- Northern Region • Symbiosis Institute of Business Management (SIBM)-Western Region • Indian Institute of Corporate Affairs (IICA)- Eastern Region On the basis of the feedback received from companies; outbound calls made by the call centre to the candidates and as per the survey of the abovementioned institutes, the following reasons for low acceptance/ joining are observed: i. Location is an important consideration and ideal travel distance is between 5-10 km while the internship location is further than that. ii. Internship period is longer than normal skilling programs. iii. Candidates not interested in the roles offered. iv. For ITI and Polytechnic, age reduction was requested.

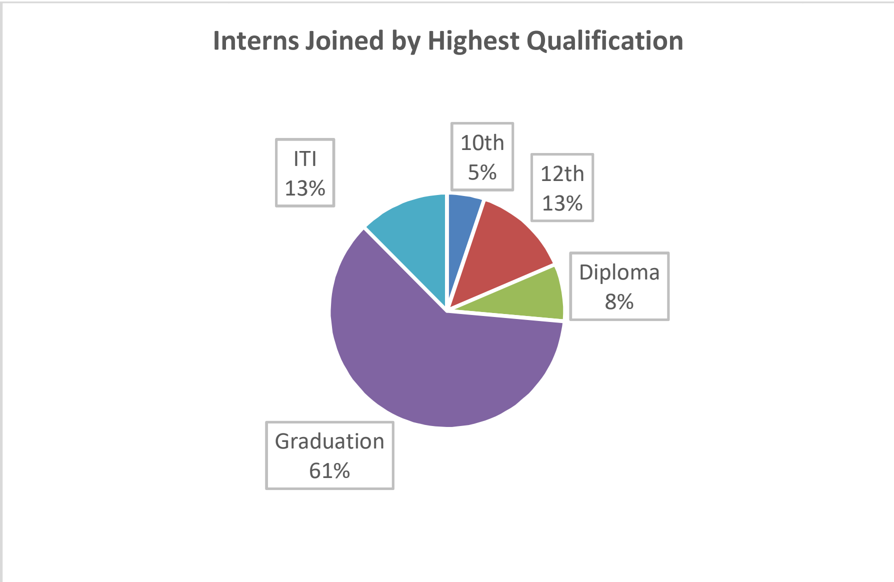
INTERN DEMOGRAPHICS

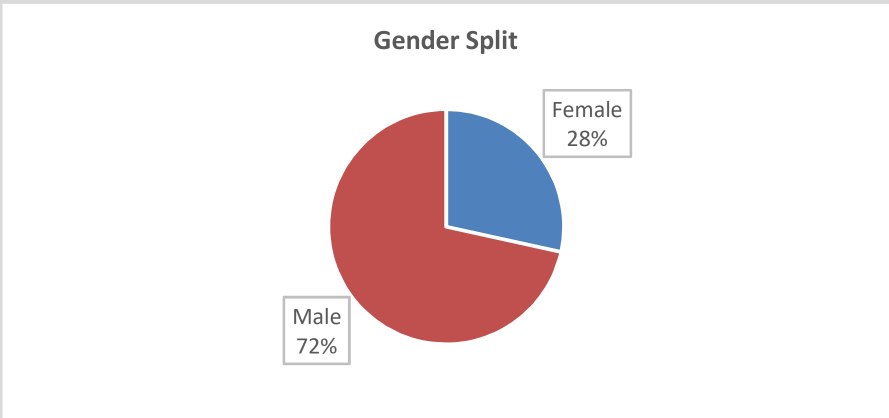
[Age, gender, educational background and geographical breakdown of the interns (State/UT-wise)]

S. No.	State of interns joined belonging to the states/UTs	No. of Interns
1	ANDAMAN AND NICOBAR ISLANDS	4
2	ANDHRA PRADESH	410
3	ARUNACHAL PRADESH	7
4	ASSAM	994

5	BIHAR	715
6	CHANDIGARH	16
7	CHHATTISGARH	225
8	DELHI	366
9	GOA	3
10	GUJARAT	249
11	HARYANA	288
12	HIMACHAL PRADESH	64
13	JAMMU AND KASHMIR	103
14	JHARKHAND	371
15	KARNATAKA	278
16	KERALA	233
17	LADAKH	10
18	MADHYA PRADESH	693
19	MAHARASHTRA	418
20	MANIPUR	24
21	MEGHALAYA	10
22	MIZORAM	1
23	NAGALAND	5
24	ODISHA	467
25	PUDUCHERRY	12
26	PUNJAB	60
27	RAJASTHAN	378
28	SIKKIM	1
29	TAMIL NADU	195
30	TELANGANA	329
31	THE DADRA AND NAGAR HAVELI AND DAMAN AND DIU	2
32	TRIPURA	33
33	UTTAR PRADESH	1234
34	UTTARAKHAND	83
35	WEST BENGAL	444
	Grand Total	8725







20. The committee sought to understand the reasons behind the significant mismatch between the number of opportunities offered and the actual number of applicants who joined, the Ministry in its written response stated the following:

> "On the basis of the feedback received from companies; outbound calls made by the call centre to the candidates and as per the survey of the above

mentioned institutes, the following reasons for low acceptance / joining are observed:

i. Location is an important consideration and ideal travel distance is between 5 to10 kms.
ii. Internship period is longer than normal skilling programmes.
iii. Candidates not interested in roles offered.
iv. For ITI and Polytechnic, age reduction was requested."

21. The committee sought information on the awareness programs for PMIS being conducted by the district authorities to which the Ministry has stated as under:

"Ministry of Corporate Affairs is already in active communication with state governments. On request of MCA, 32 states/UTs have appointed nodal departments/ officers to oversee the scheme's roll-out at the state level. This strong network at the state and district levels is targeted at enhancing coordination, and ensuring that the scheme reaches the target audience more effectively. The Ministry in collaboration with the State Governments is conducting an active Information, Education, Communication campaign, at district level to create awareness about the scheme. Till date, approximately 50 camps have been conducted by the regional offices of MCA in various educational institutions such as ITIs/colleges etc, many of which are carried out in partnership with the State Government."

B. Corporate Data Management (CDM) Scheme

22. CDM is a Central Sector Scheme initiated by the Ministry in the financial year 2015-16. It envisages to create an in-house data mining and analytics facility with the objective of disseminating corporate sector data in a structured manner. It provides a forward linkage to MCA21 data repository by fetching data in a transactional system into a data warehouse system. The objectives of CDM include: a) disseminating sharable information, in unit-level format and tabular forms; b) sharing of customized information for policy making and regulatory processes of MCA as well as other government departments, regulatory bodies and enforcement agencies; and

c) enhancing and institutionalizing Ministry's in-house capabilities for corporate data mining and Information Management to support decision making.

This project is contemplated to generate various statistical reports using time series data, cross-section data, panel data, etc. on Indian Corporate Sector Performance. In addition, this project has been expanded to facilitate monitoring of compliance and regulation by the Ministry. CDM has emerged as a Business Intelligence and Decision Aiding platform for MCA.

23. Budget Utilization:

The BE, RE and Actuals for the years from 2021-22 to 2024-25 and BE (2025-26) are given below:

(₹ in crores)

Year	BE	RE	Actuals
2021-22	6.5	5.45	4.63
2022-23	6.17	6.17	5.12
2023-24	0.52	4.9	4.17
2024-25	5.00	15.00	13.05 (as on 03.02.2025)
2025-26	11.00	-	-

24. The Committee sought clarification on the variation in the budget under the scheme and difficulties faced by the Ministry in the implementation of the scheme. In response, the Ministry in its written reply stated as under:

> "The CDM Scheme is highly manpower-intensive, with most of its regular expenses allocated to sourcing technical and functional professionals. As a result, a significant portion of the scheme's expenditure falls under revenue expenses. The table below given a summary of the revenue and capital expenditure incurred on the scheme over the last three years and for the FY 24-25.

(₹ in crores)

		21-22	22-23	23-24	24-25
	Revenue	5.50	5.67	0.02	4.00

BE	Capital	1.00	0.50	0.50	1.00
RE	Revenue	5.15	5.67	4.4	4.90
	Capital	0.3	0.50	0.50	10.10
Actuals	Revenue	4.45	4.69	4.17	3.89 *
	Capital	0.18	0.41	0	9.16*

*The high capital expenditure for FY 2024-25 is due to the upgrade of SANs and servers procured in 2016-17.

*The scheme has been experiencing high attrition in the resource position due to non-competitive remuneration which has not been revised since the inception of the scheme in FY 2015-16. For retaining existing talent and attracting highly qualified consultants, the Ministry is working on a proposal for restructuring the administrative set up keeping in view the mandate of the CDM."

25. In response to the query on the steps taken to improve fund utilization and the implementation of the scheme, along with details of the most recent review or evaluation conducted, the Ministry stated that with an objective of better financial administration under the scheme, Object Head (OH) wise allocation of funds under the Revenue and Capital section was started with effect from 01 April 2024. The Ministry also stated that the third-party evaluation was last conducted in 2020.

C. National Financial Regulatory Authority (NFRA)

26. NFRA is a statutory body constituted under Section 132 of Companies Act-13. It was constituted on October 1, 2018 to protect the public interest and the interests of investors, creditors and others associated with the companies or bodies corporate by establishing high quality standards of accounting and auditing and exercising effective oversight of accounting functions performed by the companies and bodies corporate and auditing functions performed by auditors.

27. The allocation of funds during last three years and Actuals in last two years in respect of NFRA is as given below: -

(₹ in crores)

Year	BE	RE	Actuals
2023-24	43.20	38.50	35.25
2024-25	44.00	44.00	37.26
2025-26	47.00	---	---

28. The details of grants received and amount refunded in the FY 2023-24 are as follows:

(in ₹ Crore)

Object Heads	GIA received in FY 2023-24	Expenditure incurred in FY 2023-24	Amount Refunded in Q4 of FY 2023-24	Closing Balance as on 31.03.2024
A	B	C	D	B-(C+D)
GIA-Salaries	15.50	12.25	3.25*	Nil
GIA-General	23.00	23.00	Nil	Nil
Total	38.50	35.25	3.25	Nil

NFRA refunded Rs. 3.25 crores under GIA Salaries in March '24 of the FY 2023-24 since the proposal for pay revision of NFRA employees was under consideration. There was a reduction in GIA General due to overall budget cut.

For FY 2024-25, the BE and RE are the same and NFRA will be able to spend Rs 44 crore.

BE for 2025-26, represents a small increase over the BE of 2024-25. Presently, 32 out of the 69 sanctioned strength of NFRA are filled. Vacancy Notices for filling up vacant posts are being issued. Apart from their salaries and allowances, the associated expenses on medical cover, domiciliary benefits and annual health check-up expenses, IT support, both software and hardware, support staff (wages) has been budgeted for 2025-26 which is resulting in an increase.

29. In response to the question regarding orders issued by the National Financial Reporting Authority (NFRA) against entities for auditing lapses, the Ministry stated as under:

- “NFRA has passed 93 orders since its establishment in October 2018; out of which 15 are unpublished due to court orders

- Disciplinary orders have the effect to penalize errant auditors and also act as a deterrent by highlighting consequences for audit lapses, thereby sensitizing the profession to follow provisions of law and standards.

- One of the tools of monitoring impact is inspection of audit firms. NFRA commenced audit quality inspections in late 2022. While specific improvements have been noticed, wider impacts will be visible after 4-5 inspection cycles.

- Worldwide the impact of audit quality improvements are measured through the inspection surveys conducted by IFIAR – International Forum of Independent Audit regulators, of which India (NFRA) is a member since 2023. For 2024, NFRA participated in the survey for the first time and sent its inspections results. The survey measures improvements in the big 6 audit firms work worldwide and assigns periodic targets to reduce audits with deficiencies to the audit firms and their member firms worldwide.

- In addition, learnings from NFRA orders have been disseminated by the profession itself, apart from NFRA holding seminar / webinars, etc.”

30. In response to the question regarding the common lapses identified by NFRA in audits over the past few years, and whether there are specific areas where auditing practices have consistently fallen short, prompting regulatory action, the Ministry provided the following details in a written reply:

1. “The common areas where auditing practices have been found deficient include

- Lapses to evaluate risk of diversion of funds especially in Group Audits

- Lapses to evaluate provision of expected credit loss (judgments and estimates)

- Lapses to evaluate guarantees/securities provided by the companies to lenders in respect of borrowing by related parties to examine business purpose and probability of actual liability.

- Inadequate communication with TCWG (Those charged with Governance which includes the audit committees)

- Lapses in evaluating management experts reports;

- Lapses in evaluating independence of auditor (shareholder became auditor, and auditor providing large number of non-audit services);

- Lapses in maintaining sufficient and appropriate audit documentation

- Forming inappropriate audit opinion by parking contentious issue in Emphasis of Matter paragraph without performing required audit procedures

- Forming inappropriate audit opinion by ignoring the pervasive nature of deficiencies

- Inadequate evaluation of going concern and reporting of fraud as per Section 143 (12) of Companies Act, 2013

The Specific areas warranting regulatory action are as follows:-

a) Group audits - In course of its functioning and investigation into matters referred to NFRA by the Ministry of Corporate Affairs, GOI, Securities and Exchange Board of India, and cases taken up suo-moto by NFRA, the quality of audit in respect of Group audits (to which SA 600 is applicable) had been found to be deficient. In several cases of Public

Interest Entities (PIEs), NFRA has observed deficiencies and lack of understanding on the part of the audit firms and auditors of their responsibilities in law, and improper application of the standards by the principal and other auditors. As examples, NFRA's orders in cases of Group Audits involving various companies (Reliance Capital Limited, Reliance Home Finance Limited, Reliance Commercial Finance Limited Coffee Day Global Limited, Dewan Housing and Finance Limited, and audit quality review of ILCFS etc., which are in public domain (NFRA website) may be referred. Consequent to above, NFRA undertook review of the existing Auditing Standard (SA 600). NFRA issued a consultation paper with rationale and background on proposed revisions to SA 600 …………….and a draft of the revised standards……………………

inviting comments and after due deliberation in exercise of its obligations in law, revised standard for Group Audits have been recommended to the Ministry of Corporate Affairs.

b) Auditor Independence - In another instance, (reproduced below), NFRA has also acted to ensure that audit firms adhere to auditor independence requirements as per Companies Act 2013.

"2 (iv) (1) NFRA's audit quality inspections of the Big 5 audit firms (Deloitte, BSR&Co, SRBC&Co, PwC, Walker Chandiok) and others revealed non-compliance with section 144 of Companies Act 2013- provision of non-audit services. Section 144 deals with Auditor Independence-Independence of auditor is fundamental to the audit quality. If auditor is not independent of the audited entity, then conffict of interest arises resulting in compromised audit quality. Provision of non-audit services by the auditor impacts independence of auditor. NFRA has so far (as on 13.2.2025), published 8 inspections reports. As a follow-up of NFRA inspections, Five of the top six audit firms in India have stopped providing non-audit services to their audit clients, with KPMG affiliate BSR & Affiliates, and BDO affiliate MSKA & Associates being the latest to cease such engagements, aligning with the National Financial

Reporting Authority's (NFRA) strict stance on conflict-of- interest issues…………………………………………………………………………

Fraud Reporting: NFRA also issued a clarificatory circular on fraud reporting as it was observed in course of discharge of its statutory functions, that auditors were not fulfilling their statutory responsibilities relating to reporting of fraud as mandated under the Companies Act, 2013 (CA 2013) read with the relevant Rules and the applicable Standards on Auditing (SAs).

Auditor-Audit Committee Communication: NFRA has also observed inadequate communication between Auditors in audit as required in the Standards on Auditing in its monitoring, review and enforcement work. Accordingly, in accordance with NFRA's obligations to suggest measures for improvement in overall audit quality and to promote awareness and significance of accounting and auditing standards, auditor's responsibilities, audit quality, and keeping in view NFRA's objectives of protecting public interest and investor protection, NFRA commenced with a series of Auditor-Audit Committee Interactions, which will be issued on significant areas of accounting and auditing, from time to time. The first such series on Audit of Accounting Estimates and Judgments Expected Credit Loss was issued during December, 2024."

31. In response to the question of whether any particular sectors or industries have experienced especially problematic audit quality, and what specific measures are being taken to address sector-specific challenges that lead to auditing lapses, the Ministry in its written reply stated as under:

"In the periodic audit quality inspections conducted by NFRA where audit firms are evaluated for adherence to quality control standards and individual audit assignments are also picked up on a sample basis for checking audit quality, the sample of companies that are picked up are representative of various sectors such as real estate, pharma, manufacturing, travel etc . Sectoral study or analysis, however, is yet to be done."

32. On the question of the tangible improvements in audit quality since the formation of NFRA, and whether the authority can share examples where its regulatory actions have directly contributed to enhancing audit standards, the Ministry in a written reply stated as under:

" NFRA's audit quality inspections of the Big 5 audit firms (Deloitte, BSR&Co, SRBC&Co, PwC, Walker Chandiok) and others revealed non-compliance with Section 144 of Companies Act, 2013- provision of non-audit services. Section 144 deals with Auditor Independence- Independence of auditor is fundamental to the audit quality. If auditor is not independent of the audited entity, then conflict of interest arises resulting in compromised audit quality. Provision of non-audit services by the auditor impacts independence of auditor. NFRA has so far (as on 13.2.2025), published 8 inspections reports.As a follow-up of NFRA inspections, five of the top six audit firms in India have stopped providing non-audit services to their audit clients, with KPMG affiliate BSR & Affiliates, and BDO affiliate MSKA & Associates being the latest to cease such engagements, aligning with the National Financial Reporting Authority's (NFRA) strict stance on conflict-of-interest issues.

Revision in Standards of Auditing

Through several of its orders in the case of Coffee Day enterprises, Reliance Capital etc., several lapses in audit of Group entities (holding company and its subsidiaries and associates) have been highlighted, involving huge public interest.

Issue of clarificatory circulars on widespread non-compliances:Based on the learnings from orders, and its review of company financials, NFRA has come up with the clarificatory circulars on critical issues which serves the purpose of informing auditors, audit committees, companies and other Regulators, based on existing provisions in accounting and auditing standards and provisions in law for example:

Related to Accounting Matters Non Compliance with Ind AS policies on Revenue; Non-Accrual of interest on borrowings by the companies in violation of Indian Accounting Standards.

Related to Auditing Matters -Responsibilities of Principal Auditor and Other Auditors in Group Audits; Statutory Auditors' responsibilities in relation to Fraud in a Company;

Authority also conducts financial reporting advocacy and education as per its obligations in NFRA Rules

- NFRA organised its first international conference on 'Transparent Financial Reporting and Audit Quality-Pillars of Corporate Governance' on 5-6 March 2024 in Delhi.
- NFRA has conducted 10 webinars and conference for awareness and education of auditors
- NFRA holds regular interactions with Audit Committees (with CII, Assocham), CFOs and as part of SA 600 outreach and stakeholder interaction also interacted with the Bombay Chartered Accountants Society and the Karnataka State Charactered Accountants Association

International best practices and knowledge sharing

- Owing to being independent of the profession, India (NFRA) obtained membership of International Forum of Independent Regulators (IFIAR) which is the global body of independent audit regulators towards joining the global dialogues on audit quality. It participates in important international workshops and meetings."

33. The Committee sought to know how the NFRA differentiates between large audit firms. The Ministry replied that as per international practice, NFRA classifies audit firms based on the number of audits of Public Interest Entities (PIEs), they undertake, PIEs are considered as entities under NFRA jurisdiction as per Rule 3 of NFRA Rule 2018-namely, all listed companies, unlisted companies over certain financial thresholds, etc.

D. Serious Fraud Investigation Office (SFIO)

34. SFIO is a Statutory Body. It is a multi-disciplinary organization under the Ministry, of experts in the fields of accountancy, forensic auditing, law, information technology, investigation, company law, capital market, banking and taxation, etc., for detecting and prosecuting or recommending for prosecution white collar crimes/frauds. The Headquarter of SFIO is at New Delhi, and it has five Regional Offices at Mumbai, New Delhi, Chennai, Hyderabad, and Kolkata.

Investigation into the affairs of a company is assigned to SFIO, where Government is of the opinion that it is necessary to investigate into the affairs of a company:

(i) On receipt of a report of the Registrar or inspector under Section 208 of the Companies Act, 2013;

(ii) On intimation of a special resolution passed by a company that its affairs are required to be investigated;

(iii) In the public interest; or

(iv) On request from any department of the Central Government or a State Government.

35. Funds allocated under SFIO under Revenue Budget Head

(₹ in crore)

Year	BE	RE	Actuals
2023-24	54.92	44.74	44.45
2024-25	43.01	48.92	37.61*
2025-26	50.69	NA	NA

Funds allocated to SFIO under capital expenditure

(₹ in crore)

Year	BE	RE	Actuals
2023-24	1.2	1.2	1.2
2024-25	1.59	3.09	1.44*
2025-26	5.17	NA	NA

Total funds allocated to SFIO (Revenue plus Capital)

(₹ in crore)

Year	BE	RE	Actuals
2023-24	57.92	44.74	44.45
2024-25	44.60	52.01	39.05*
2025-26	50.69	NA	NA

** as on 12.02.2025.*

36. Explaining the reasons for the upward revision of allocation in 2025-26 compared to previous year 2024-25, the Ministry in a written reply stated that increase in staff strength coupled with the need for infrastructure & other supporting/connected expenses thereof, has resulted in increase of BE for the FY 2025-26.

37. On the details of cases taken up in SFIO, the Ministry in a written reply stated as under:

"Details of cases assigned, report submitted & pendency for last three years:-

Year	Opening Cases (A)	New Cases Assigned (B)	Total cases (C) = A+B	Total Reports Submitted (D)				Closing Cases (F) = C – X
				Main Reports (x)	Suppl./ other reports (y)	Total (x+y)	Cos. involved (E)	
2022-23	95	7	102	19	10	29	141	83
2023-24	83	5	88	18	22	40	322	70
2024-25*	70	13	83	16	07	23	107	67

*As on 17.02.2025

Prosecution

Detail of cases successfully prosecuted as on 31.01.2025 are as under:

No. of complaints filed	No. of complaints disposed	No. of convictions secured#	Successfully prosecuted (%age)
1263	528	379	71.8%

`

#Conviction includes compounding and fine.

Generally, SFIO is assigned cases involving multifaceted complex financial frauds. The investigation reports submitted by SFIO are quite detailed and voluminous, having large number of supporting documents attached as annexures. The average time taken by Hon'ble Courts for completion of trial normally takes several years. However, efforts are made to expeditiously take up cases in court for prosecution.

Steps taken/ proposed to improve the performance

- Expeditious trial of cases in designated Courts
- Efficient case management
- Timely hearing without taking any adjournments
- Proper coordination with respective units & erstwhile officers for witness in proceedings of cases."

38. The Committee during the evidence of the Ministry held on 18.02.2025 desired to know the status of penalties and conviction, the Ministry in its written reply stated as under:

"Status of Penalties and Convictions as on 14.02.2025:

Total Convictions*/ Compounding/ Penalties (Nos.)	Cases Where Conviction/Penalty was upheld by the High Court	Cases Where Conviction/Penalty was further upheld by the Supreme Court #
379	Nil	Nil

***** Conviction includes compounding.

As per available records, in conviction matters, no accused has filed any case against the trial court order before Hon'ble High Court/Supreme Court. However, 01 case has been filed by the accused in the revision court of Session Judge, Tis Hazari against the trial court order."

39. On the status of staffing in SFIO, the Ministry submitted as under :

Nature	Total strength	Filled up	Vacant	Remarks
FIO cadre posts	95	55	40	• UPSC has finalized recruitment of 26 candidates, who are expected to join shortly. • For 5 posts, requisition has been sent to SSC. • The filling up of the remaining posts are in process
Encadered Posts	16	12	4	• Matter is being taken up for filing up 4 posts with concerned department.
Deputation Posts	127	67	60	• 9 persons selected and are expected to join shortly • Advertisement has been issued for 51 posts on 08/02/2025
Total	238	134	104	

40. On being further inquired about the role of the SFIO after submitting its investigation report and whether it has monitoring powers. In response, the Ministry provided the following written information:

> "On receipt of the Investigation report from SFIO, after due examination, Central government may, as per Section 212(14) of the Companies Act, 2013 sanction prosecution against the company, its directors and other persons, based on the findings of SFIO. In addition, the Central government may also pass instructions for filing an application before the NCLT for freezing & disgorgement of ill-gotten assets, pursue disciplinary proceedings against the professionals found involved in the matter, and winding up of the company as deemed necessary depending on the findings of SFIO and on due examination. Instructions given by Central government are executed by the SFIO, whether it is filing of prosecutions against the company or any other enforcement actions as provided under the Act. The SFIO regularly monitors progress on the above actions."

41. The Committee during the evidence of the Ministry also raised the question on actions taken by the SFIO regarding chit funds like Rose Valley and Saradha, where laws were allegedly violated, and how further action can be prompted, the Ministry responded in their written reply as follows:

> "SFIO has carried out investigation into the affairs of Rose Valley and Sharda Group of companies. These companies were operating illegal ponzi scheme / Chit Fund wherein innocent investors were defrauded. Upon completion of investigation, SFIO has initiated Prosecution before the Hon'ble Special Court of Companies Act.
>
> It is Pertinent to mention that SFIO has been making recommendations to various Government departments and regulatory agencies to carry out preventive measures as well as investors' awareness programme to curtail these kinds of frauds."

42. On noting that the SFIO submitted 14 reports in 2024 on 32 companies, to which clarification was sought on the key frauds identified and how the loopholes would be addressed. The Ministry responded in their written post-evidence replies as follows:

> "Based upon study of reports submitted during 2024, following are the key areas in which frauds are being committed: -
>
> A. <u>Bank Fraud Cases</u>
>
> 1) It has been observed that many of the companies have been obtaining loans from Banks and Financial Institutions on the basis of fraudulent/ falsified financial statements and documents.
>
> 2) Letters of Credit (LC) have been opened for enabling some of these companies to purchase goods/raw material from third party entities. Investigations have revealed that the entities with which such trades are undertaken by these companies are their related parties, which are mere paper entities, and through a complex web of transactions, the

bank funds are ultimately transferred to these companies or other connected entities of the promoters.

3) In many of the instances in such cases, banks have been found to not have been doing detailed scrutiny of these third party entities and the connected trade documents. As such the mechanism of LC system, both at issuance and discounting stages, are found to be vulnerable which have been exploited by these companies to get undue advantages. With a view to control such instances, matters have been referred to the Reserve Bank of India (RBI) for appropriate necessary action.

B. Cases pertaining to raising illegal deposits-

1) It has been observed that some of the companies have been illegally raising deposits commonly referred to as Ponzi schemes, wherein members of public who are not well-versed with the working of financial markets and regime thereof, are being lured to invest their hard-earned money in the schemes, on the promise of high returns ranging from 25% to 30% p.a. These companies are not engaged in any bona-fide business activities and are repaying the earlier investors from the proceeds collected from new investors.

2) Investigations have further revealed that the money thus collected from the investors, is diverted and siphoned off in other business interests of the promoters/Directors.

3) With a view to control such instances, SFIO has been making the recommendations to Securities & Exchange Board of India (SEBI) and respective state's Economic Offices Wing (EoW) for appropriate action. Further, steps are taken to close and wind up such companies. Also, references have been made to various regulators such as the Reserve Bank of India (RBI) and Investor Education and Protection Fund Authority (IEPFA) to undertake investor awareness programmes.

C. <u>Digital Lending via Mobile Apps:-</u>

1) The companies position themselves as FinTech companies owning and operating Loan Apps. They collaborate with Indian NBFCs that have RBI's license to undertaken digital lending business, without any due-diligence and often with active collusion with the NBFCs which results in rampant abuse of the lending norms as issued by the RBI.

2) The Loan Apps are circulated online through WhatsApp, Telegram, YouTube, Facebook and other social platforms offering instant loan and disbursement.

3) The rate of interest claimed in these Lending Apps is around 25% - 36% p.a. However, the actual extortionary interest charged is around 400%-500% p.a., which is never informed to the innocent borrower.

4) The lending Apps breach norms of privacy and act as snooping devices. Upon download of such Loan Apps, it secures complete access to the Photo gallery and contact list of the borrowers which are later exploited for blackmailing and harassment of the Loanees.

5) For extortion, these companies have been setting up call-centers, which have tele-callers who are trained to intimidate, harass and threaten the borrowers to recover such huge sums. These including morphing of photos and sharing the same with contacts of the borrower. Many borrowers have been reported to have committed suicide out of humiliation and pressure.

6) These App based lending activities were undertaken through various Payment Gateways and Payment Aggregators (PA/PGs) who have received licenses from the RBI. These PA/PGs were subject to various merchant on-boarding guidelines and the Know Your Customer (KYC) norms as issued by the RBI. However, lapses were noted on the part of the PA/PGs in such compliances. Such matters have been brought to the notice of the Reserve Bank of India and the Central Bureau of Investigation for appropriate necessary action.

In all the said cases, the roles of the Professionals such as Chartered Accountants, Company Secretaries etc. were also analyzed and have been reported to their professional governing bodies for disciplinary proceedings."

43. Regarding the actions being taken by the Ministry of Corporate Affairs to address the Sahara issue, particularly in relation to chit funds and unresolved fraud cases, the Ministry in their written reply submitted as follows:

"Based on the report of the ROC, the Central Government formed an opinion to order investigation into the affairs of Sahara Q Shop Unique Products Range Limited [hereinafter referred as SQSUPRL], Sahara Q Gold Mart Limited [hereinafter referred as SQGML], and Sahara Housing Investment Corporation Limited [hereinafter referred as SHICL], to Serious Fraud Investigation Office (hereinafter referred as SFIO) vide Order No. 04/117/2018-CL II (WR) dated 31.08.2018 in public interest. SFIO vide Order No. SFIO/ INV/ AOI/ 2017-18/ I/ 15413/ 2018 dated 09.11.2018 appointed inspectors to carry out investigation into the affairs of the above companies. During investigation it was revealed that SHICL, SQSUPRL and SQGML, had collected huge funds running into thousands of crores from the public in the guise of different schemes promising higher returns. However, the investors were not repaid their maturity amounts even after the maturity of their deposits, rather they were forced to convert their deposits into schemes of other/companies of the Sahara Group only, creating an infinite loop. Further, there were huge fund movement from/to Companies under Investigation (hereinafter referred as CUIs) from/to the other entities of the Sahara Group and promoters/directors/employees, which was suspected to be siphoned off/diversion of public money. That the investigation conducted into the affairs of the CUIs revealed the role of other companies of the Sahara Group, and accordingly as per the provisions of Section 219 of the Companies Act, 2013, the investigation into the affairs of six (06) companies was sought from the Central Government which are:

i. Aamby Valley Limited (AVL)
ii. Qing Aamby City Developers Corporation Limited (QACDCL)

iii. Sahara India Commercial Corporation Limited (SICCL)

iv. Sahara Prime City Limited (SPCL)

v. Sahara India Financial Corporation Limited (SIFCL)

vi. Sahara India Real Estate Corporation Limited (SIRECL)

That the Central Government vide Order No. 03/238/2020/CL-II dated 27.10.2020, in exercise of its power under Section 219 read with Section 212 (1) (c) of the Companies Act, 2013 accorded its approval for investigation into the affairs of above-captioned six (6) companies in public interest. SFIO has initiated investigation into the affairs of the nine (09) CUIs in terms of Investigation Order dated 09.11.2018 and 27.10.2020 and investigation has revealed that money was collected from public through various schemes and the collection was illegal and collected funds were not refunded back to the depositors, rather converted into schemes of other entities of the Group.

That investigation into the affairs of CUIs in terms of Investigation Order dated 09.11.2018 i.e., Sahara Q Shop Unique Products Range Limited, Sahara Housing Investment Corporation Limited and Sahara Q Gold Mart Limited is at an advanced stage and the CUIs and its officers/employees shall be charged under the relevant provisions of the Companies Act 1956 and the Companies Act 2013."

E. CORPORATE SOCIAL RESPONSIBILITY (CSR)

44. The legal framework for Corporate Social Responsibility (CSR) is established under Section 135 of the Companies Act, 2013 ('Act'), along with Schedule VII of the Act and Companies (CSR Policy) Rules, 2014. Schedule VII of the Act indicates the eligible list of activities that can be undertaken by the companies under CSR. The items enlisted in the Schedule VII of the Act are broad-based and intended to cover a wide range of activities.

Summary Details of CSR Expenditure: The details of the cumulative amount spent as per filings made by companies up to March 31, 2024 in the MCA21 registry for the financial years 2014-15 to 2022-23 is provided below:-

CSR Expenditure for FY 2019-20 to 2022-23#

(₹ in Cr.)

PSU/ Non-PSU	2019-20		2020-21		2021-22		2022-23		Cumulative Amount from 2014-15 to 2022-23
	Total Cos.	Amount Spent	Total Cos.	Amount Spent	Total Cos.	Amount Spent	Total Cos.	Amount Spent	
Non-PSU	22,502	19,655.70	20,392	21,724.68	19,526	22,246.10	24,021	25,892.14	1,47,609.37
PSU	483	5,310.12	448	4,486.27	361	4,370.20	371	4,095.78	36,613.50
Grand Total	22,985	24,965.82	20,840	26,210.95	19,887	26,616.30	24,392	29,987.92	1,84,222.87

45. In response to the question on the number of companies issued notices by ROCs, inclusion of CSR activities in the Companies annual reports, and penalties for non-disclosure or improper disclosure by the Companies, the Ministry stated in their written reply that there are total 21 nos. of cases in which notices have been issued between January 2024 to January 2025 for the non-compliance of CSR Legal Framework.

46. The Ministry also added as follows:

"As per notification dated 22.01.2021, the terms 'ongoing projects' and 'other than ongoing projects' have been introduced.

'Other than ongoing projects' are those projects in which the CSR eligible company is required to spend its CSR obligations in that financial year in an area or a subject specified under Schedule VII of the Companies Act, 2013.

'Ongoing projects' are those projects which have been undertaken by the CSR eligible companies which are required to be completed in next three financial years. In case of any amount left that is required to be spent is called as 'unspent amount' and such amount is required to be transferred to a separate account as 'unspent CSR account' every year within 30 days of the closing of the financial year, in compliance of Section 135(6) of the Companies Act, 2013.

If any amount is left to spend other than mentioned above, the CSR eligible company is required to transfer such unspent amount in the Specified Funds of Schedule VII of the Companies Act, 2013 within six month of the last financial year in respect of other than ongoing projects and 30 days of the last financial year in respect of ongoing projects respectively.

Since above provisions have been made applicable w.e.f. 22.01.2021, CSR unspent data in respect of the ongoing projects would be available after 30 days of due date of filing of CSR-2 form for the financial year 2023-24. The last date for filing of the CSR-2 form for the financial year 2023-24 has been extended upto 31st March, 2025."

F. Insolvency and Bankruptcy Code (IBC)

47. The Insolvency and Bankruptcy Code which came into being on May 28, 2016 provides a legislative framework for the insolvency resolution of (i) Companies under the CA-13, limited liability partnerships under the Limited Liability Partnership Act, 2008 or any other person incorporated with limited liability under any law (excluding financial service providers); and (ii) individuals, including personal guarantors to corporate debtors, partnership firms and proprietorship firms and other individuals. The provisions relating to Insolvency Resolution and Liquidation of Corporates and insolvency resolution and bankruptcies of personal guarantors to corporate debtors have been notified till date.

48. The four pillars of the Code are as follows:

i. The Insolvency Professionals (IPs), who are the regulated and licensed professional, responsible for managing and overseeing the efficient working of the insolvency, liquidation and bankruptcy processes.

ii. The Information Utilities (IUs), are regulated and licensed repositories of information who store facts about lenders and terms of lending in electronic database and eliminate delays and disputes about facts when default does take place.

iii. Adjudicating Authority (AA), namely, NCLT acts as the forum where corporate insolvency is heard and Debt Recovery Tribunal (DRT) where individual insolvencies are heard.

iv. The fourth pillar is the regulator, the Insolvency and Bankruptcy Board of India (IBBI) which has regulatory oversight over the IPs, IPAs, IPEs and IUs and has the responsibility for specifying the regulations for various processes under the Code.

v. The Ecosystem under the Code as on September 30, 2024 is as under:

Appellate Authority	Two Benches of National Company Law Appellate Tribunal
Adjudicating Authority	16 Benches of National Company Law Tribunal (including one Principal Bench at New Delhi)
Regulator	Insolvency and Bankruptcy Board of India
Service Providers: As on September 30, 2024	
Information Utilities	01
Insolvency Professional Agencies	03
Insolvency Professionals (Individuals)	4,425
Insolvency Professional Entities (IPEs as IP)	83
Insolvency Professional Entities	123
Registered Valuer Organisations	15
Registered Valuers	5,667
Registered Valuer Entities	113

Important amendments under IBC

49. Important amendments made in the Code include providing norms for ineligibility to submit a resolution plan; exempting applicability of certain provisions for submission of resolution plan in respect of MSMEs as corporate debtors; clarifying the status of homebuyers; introducing majority rule for the class of creditors; protecting last mile funding; ensuring the supply of goods or services which are critical to protect and preserve the value of the corporate debtor and manage its operations as a going concern; mandating the minimum number of persons required to file an application in certain cases; providing immunity in respect of offenses committed by the corporate debtor on approval of the resolution plan; providing a

suspension of filing of applications under Sections 7, 9 and 10 of the Code in respect of default committed during the period of suspension; and introducing Pre-Packaged Insolvency Resolution Process (PPIRP) framework for MSME corporate debtors.

50. Allocation of funds under Insolvency and Bankruptcy Board of India (IBBI)

(₹ in crores)

Year	BE	RE	Actuals
2023-24	41.85	19.00	19.00
2024-25	19.00	00.00	27.16 (Upto December, 2024)
2025-26	00.03	-	-

51. In response to the query on the number of complaints filed against Insolvency Professionals, the Ministry stated as under:

> "IBBI received a total of 8377 complaints against the conduct of Insolvency Professionals (IPs), out of which 8098 complaints have been disposed of as on 31 December, 2024. As regards action taken, registration of 12 IPs has been canceled, registration of 83 IPs has been suspended and monetary penalties have been imposed on 44 IPs."

52. The Ministry has furnished the following status regarding IBC, 2016 – Outcome

Particulars	No. of Corporates	Amount (Rs. crore)	
		Liquidation Value	Realisation Value
Applications withdrawn before admission	30,310*	NA	13,78,423#
Process commenced	8,175	NA	NA
Process closed mid-way	2,366	NA	NA
Process closed by resolution plan	1,119	2,19,722	3,57,677

Process closed for liquidation	2,707	71,966	NA
Ongoing processes	1,983	NA	NA

53. The following table provides the details regarding the number of cases received, decided, and pending at the NCLT:

S. No.	Category of Cases	No. of Cases filed	No. of Cases Decided	No. of Cases Pending
1.	Under IBC, 2016	12305	9861	2444
2.	Under the Companies Act, 2013	2963	2253	710
3.	Under the Competition Act, 2002	460	296	164
4.	MRTP Act	7	4	3
	Grand Total	15735	12414	3321

Details of Total Number of Cases Received / Disposal / Pending in NCLT

S. No.	Description	No. of cases
1.	Cases received from erstwhile CLB.	5,345
2.	Cases received on transfer from High Courts upto 31.12.2024	4,921
3.	Fresh cases filed with NCLT upto 31.12.2024	99,415
4.	Disposal of cases from 01.06.2016 till 31.12.2024	89,197
5.	Pendency of Cases as on 31.12.2024	20,484

IBC, 2016 – Outcome*

Insolvency Professional Agencies	**03**
Information Utility	01
Insolvency Professionals (Individuals)	4431
Insolvency Professionals (IPE as IP)	88
Insolvency Professional Entities	126
Registered Valuer Organization	15
Registered Valuers	5753
Registered Valuer Entities	116

Receipt and Disposal of Grievances and Complaints Against Insolvency Professionals

Complaints and Grievances Received						**Total**		
Under the Regulations		Through CPGRAM/PMO/ MCA/Other Authorities		Through Other Modes (email, etc.)		Received	Disposed	Under Examination
Received	Disposed	Received	Disposed	Received	Disposed			
1455	1297	2563	2534	4359	4267	8377	8098	279

Action Taken Against Insolvency Professionals

No. of IPs whose Registration Cancelled	**No. of IPs whose Registration Suspended**	**No. of IPs on whom Monetary Penalty Imposed**
12	83	44

***As on 31.12.2024**

54. The Committee during the evidence of the Ministry referred to a recent judgement of the Supreme Court which emphasized that Competition Commission of India (CCI) approval must precede the Committee of Creditors (CoC) approval in corporate insolvency cases, overturning the National Company Law Appellate Tribunal (NCLAT) ruling that deemed the timing of CCI approval as directory. The Committee sought to know its impact resolution plans and competition law enforcement. The ministry in a written reply responded as under:

> "The Hon'ble Supreme Court in the matter of *Independent Sugar Corporation Ltd. Vs. Girish Sriram Juneja&Ors.* in its judgement dated 29th January, 2025 in Civil Appeal Number 6071 of 2023 held that:
>
> *"the statutory provision and legislative intent unequivocally affirm the mandatory nature of the proviso to Section 31(4) of the IBC. For a Resolution Plan containing a combination, the CCI's approval to the Resolution Plan, in our opinion, must be obtained before and consequently, the CoC's examination and approval should be only after the CCI's decision."*
>
> The proviso to Section 31(4) of the Insolvency and Bankruptcy Code, 2016 (Code), provides the following:

“Provided that where the resolution plan contains a provision for combination, as referred to in section 5 of the Competition Act, 2002, the resolution applicant shall obtain the approval of the Competition Commission of India under that Act prior to the approval of such resolution plan by the committee of creditors.”

Hon’ble Supreme Court has emphasized that such prior approval of Competition Commission of India is a mandatory requirement as provided in the proviso under Section 31(4) rather than interpreting as directive in nature.

The likely impact of the said judgement and its implications for corporate insolvency processes and competition law enforcement is under examination.”

55. The Committee sought information on the number of companies rehabilitated under the IBC, along with the original amount claimed and the actual amount recovered. In response, the Ministry provided the following written reply:

“Till 31st December 2024, 8175 Corporate Insolvency Resolution Process (CIRPs) have been initiated. Of these, 3485 CDs have been rescued (1119 through resolution plans; 1236 through appeal/ review/ settled; 1130 - withdrawn under section 12A). Further, 2707 have been referred for liquidation. A total of 1983 CIRPs are ongoing.In 1119 cases that have yielded resolution plans, the realisable value for the creditors have been ₹ 3.58 lakh crore. This amounts to 31.40% of claims, 87.58% of fair value and 162.79% of liquidation value.”

G. Environmental Social and Governance (ESG) Regulations

56. The Committee desired to know the Ministry's specific role in shaping India's ESG regulatory framework, beyond issuing guidelines and reporting requirements. In response, the ministry in its written reply stated as under:

“SEBI had introduced mandatory sustainability disclosures in 2012 for the top 100 listed entities (by market capitalization), as per the Business Responsibility Report (BRR). The BRR was based on the principles and requirements, emanating from the National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business' (NVGs) that were issued by the Ministry of Corporate Affairs (MCA) in 2011. The requirements for filing BRR were gradually extended to the top 500 entities (from FY 2016-17) and later to the top 1000 listed entities (from FY 2019-20).

In March 2019, the NVGs were revised by MCA and new principles called the National Guidelines on Responsible Business Conduct (NGRBCs) were released. Subsequently, the Ministry of Corporate Affairs (MCA) constituted a Committee on Business Responsibility Reporting ('Committee'), of which SEBI was a member, for finalizing sustainability reporting formats, based on the framework of the NGRBCs.

Based on the recommendations of the Committee, extensive stakeholder consultation and global benchmarking, in 2021, SEBI mandated the top 1000 listed companies (by market capitalization) to make ESG disclosures as per the Business Responsibility and Sustainability Reporting (BRSR) from FY 2021-22 on a voluntary basis and mandatorily from FY 2022 - 23.

One of the key challenges of ESG disclosures is regarding their credibility and reduction of risk of green-washing. In this regard, SEBI has prescribed BRSR Core which is a subset of BRSR and contains a limited set of Key Performance Indicators (KPIs) for which listed entities shall need to obtain third-party assurance or assessment.

Further, in December 2024, Industry standards on BRSR Core have been formulated by the Industry Standards Forum ("ISF") comprising of representatives from three industry associations, viz. ASSOCHAM, CII and FICCI, under the aegis of the Stock Exchanges, in consultation with SEBI. The standards aim to facilitate effective implementation of the disclosure requirements under BRSR Core, promote ease of doing business and bring about standardization in implementation of BRSR Core."

57. In response to the question regarding the effectiveness of current ESG regulations in India and whether companies are genuinely following these guidelines or risking "greenwashing" under the guise of compliance, the Ministry stated as under:

"In order to mitigate risks of greenwashing, SEBI vide Circular dated July, 12 2023 SEBI has introduced BRSR Core, which contains a limited set of critical/core key performance indicators for which listed entities shall need to obtain reasonable assurance, as per the specified glide path beginning with the top 150 listed entities from FY 2023-24."

58. In response to the question regarding the challenges preventing smaller businesses from embracing ESG practices, the Ministry in their written reply stated as under:

"Committee on BRR recognized the challenges faced by smaller businesses and was of the view that implementation of the reporting requirements should be done in a gradual and phased manner. Thus, SEBI has sought ESG disclosure for value chain of listed entities based on specified threshold and glide path. These disclosures are sought on a voluntary basis, since value chain of listed entities may comprise of smaller entities which may not have the necessary systems in place to collect and report ESG data, or such entities may have cost/ resource constraints.

Further, the Ministry has identified the challenges of small companies associated with implementing reporting requirements such as lack of expertise, resources and capacity under Companies Act, 2013 or rules made thereunder. In this context certain relaxations in terms of reporting both in financial statement and annual return and disclosures required to be made by small companies have been provided."

59. The Committee during the evidence of the Ministry sought to understand the need for synchronizing ESG with CSR. The Ministry in its written reply stated as under:

"Statutory provisions in Companies Act, 2013 related to ESG

The Companies Act of 2013 in India embeds Environmental, Social, and Governance (ESG) principles, aligning corporate conduct with sustainability and ethical standards. Key aspects of the Act that promote ESG principles are as follows:

1. Corporate Social Responsibility (CSR)

Section 135 of the Companies Act mandates that companies meeting specific financial thresholds contribute to CSR activities. A company is required to spend at least 2% of its average net profits on CSR activities if it:

- Has a net worth of INR 500 crore or more, or
- Generates a turnover of INR 1000 crore or more, or
- Has a net profit of INR 5 crore or more.

CSR activities are specified under Schedule VII, which includes areas like poverty alleviation, education, gender equality, and environmental sustainability.

2. Duties of Directors

Section 166(2) emphasizes the director's role in promoting the company's goals while considering the interests of shareholders, employees, the community, and the environment. Directors are required to act in good faith to safeguard environmental interests, adding an explicit environmental duty to their responsibilities.

3. Transparency and Disclosure

The Act mandates that companies disclose their CSR initiatives, governance structure, and financial performance comprehensively in annual reports, fostering transparency and accountability.

4. Energy Conservation

Section 134(3) (m) requires that companies include details on energy conservation measures undertaken by the board in their annual reports, encouraging sustainable energy practices. Inclusion of ESG principles in the Companies Act, 2013, underscores India's commitment to sustainable corporate governance, balancing economic success with social and environmental."

60. In response to the question regarding how CSR initiatives differ from true ESG integration in Indian companies, and whether businesses are using CSR as a substitute for genuine ESG commitment or are genuinely working towards long-term, systemic change, the Ministry in its written reply stated as under:

> "The legal framework for Corporate Social Responsibility (CSR) has been provided under Section 135 of the Companies Act, 2013 ('Act'), Schedule VII of the Act and Companies (CSR Policy) Rules, 2014. Schedule VII of the Act indicates the eligible list of activities that can be undertaken by the companies under CSR. As per Schedule VII, activities such as eradicating hunger, poverty and malnutrition, promoting health care, provisioning of sanitation and safe drinking water, livelihood enhancement projects, measures for reducing inequalities faced by socially and economically backward groups, training to promote rural sports etc. are considered as eligible CSR activities. The items enlisted in the Schedule VII of the Act are broad-based and are to be interpreted liberally. The provisions of the Act are aimed at creating the appropriate regulatory environment to promote economic activity in harmony with the goals of sustainable development."

PART II

Observations/Recommendations

BUDGETARY ALLOCATION AND UTILIZATION

1. The Committee note that the budgetary allocation of the Ministry of Corporate Affairs (MCA) has been steeply increased to Rs.11,561.19 crore in Budget Estimate (2025-26) from Rs.1078.43 crore in Revised Estimate (2024-25). The Ministry has attributed this upward revision of funds mainly due to allocation of Rs.10831.07 crore for PM Internship Scheme; Rs.719.12 crore for expenditure on establishment and other offices; and Rs.11 crore for Corporate Data Management Scheme. The Committee, however, is skeptical of full utilization of funds in the current financial year given the recurring trend of reduction of funds in RE; surrender of funds and underutilization during the previous years. In the financial year 2022-23, the BE of ₹733.02 crore was revised to ₹630.36 crore at RE stage; but actual expenditure was only ₹568.69 crore, resulting in a surrender of ₹161.47 crore. Similarly, in the financial year 2023-24, the BE of ₹756.19 crore was revised to ₹617.43 crore, with actual spending at ₹590.84 crore, and surrender of Rs.26.59 crore. The situation has further worsened in the financial year 2024-25, where, the BE of Rs.2667.06 was revised to Rs.1078.43 crore; but could spend so far only ₹517 crore. The Committee feel that such reduction of funds at RE stage; under-utilization and surrender of funds will have an adverse effect on implementation of the Schemes and the future budget of the Ministry. The Committee, therefore, recommend the Ministry to strengthen their budgetary mechanism and take corrective measures for optimal utilization of funds so as to achieve the intended objectives.

<u>Prime Minister Internship Scheme</u>

2. The Committee commend the ambitious vision of the Prime Minister's Internship Scheme (PMIS), which aims to provide 1 crore internships to youth with an estimated financial outlay of ₹63,000 crore over five years in two-phases with the ultimate goal of empowering youth and bridging the skills gap in the country. In pursuit of this goal the Ministry in the first-round of pilot phase that commenced on 3 October, 2024, provided more than 1.27 lakh internship opportunities against the target of 1.25 lakh internships. However, only 8725 candidates have joined so far out of more than 28000 candidates who have accepted the offers. In the second round which was commenced from 9 January 2025, about 1.15 lakh internship opportunities have been posted by the partner companies till 14 February 2025. The Committee note that in the financial year 2024-25, the BE of Rs.2000 crore was reduced to Rs.380 crore in RE and actual spent as of mid-February, 2025 is Rs.21.10 crore. In the financial year 2025-26, the allocation has been significantly increased to Rs.10831.07 crore. While appreciating the Ministry for taking all efforts to achieve the ambitious target of the scheme; the Committee urge the Ministry to act swiftly and decisively to overcome/address the key challenges faced during pilot phase viz. mismatch between the number of internship opportunities offered and actual participation; longer duration of internships; under-utilization of funds; imbalanced gender ratio of male to female interns stands at 72:28; lack of alignment between candidates' interests and the roles offered. The Committee believe that with prompt corrective actions and mass outreach programme, the ambitious goals of the PMIS could be realized. The Ministry should encourage all States to set up a dedicated agency to provide a focused approach to implementation and monitoring the Scheme to create employable skilled youth across the country.

<u>Corporate Data Management Scheme</u>

3. The Committee note that the Centralized Data Management (CDM) Scheme, initiated in the financial year 2015-16 plays a pivotal role in corporate sector data and sharing of customized information for policy making and regulatory processes of the Ministry of Corporate Affairs as well other

departments; regulatory bodies and enforcement agencies. The Committee also note that the CDM Scheme is highly manpower-intensive, with most of its regular expenses allocated to sourcing technical and functional professionals. However, it has been submitted before this Committee that the scheme has been facing key challenge in retention of talent due to non-competitive remuneration which has not been revised since inception of the scheme. This has adversely affected the implementation of the scheme; allocation and utilization of funds over the years. The Committee also note that the third-party evaluation of the scheme was last conducted in the year 2020. The Committee, therefore, recommend the Ministry to expedite the ongoing proposal of restructuring the administrative setup keeping in view the mandate of the scheme and implement in a time-bound manner. The Committee further recommend the Ministry to evaluate the scheme periodically to assess its effectiveness and to address any gaps in implementation.

<u>National Financial Reporting Authority (NFRA)</u>

4. The Committee note that the primary mandate of the National Financial Reporting Authority (NFRA) since its establishment is ensuring high quality accounting and auditing standards; and safeguarding the interests of investors and the public. NFRA's efforts in issuing disciplinary orders, conducting audit inspections, and addressing lapses in auditor independence and fraud reporting are commendable. Its proactive approach in revising auditing standards, especially for group audits, and promoting awareness through events highlights its commitment to improving audit quality. However, the Committee observe a concerning trend in the underutilization of funds allocated to NFRA. Despite budget estimates (BE) and revised estimates (RE) showing significant allocations, actual expenditure has consistently fallen short. For instance, in FY 2023-24, the BE was ₹43.20 crore, but only ₹35.25 crore was utilised. In FY 2024-25, while the RE of ₹44 crore was expected/claimed to be fully utilized, actual expenditure was ₹37.26 crore, falling short by ₹6.74 crore. The Committee further note that BE for FY 2025-26 has increased to ₹47 crore, partly to address staffing and operational needs, as only 32 out of 69 sanctioned positions were filled as of FY 2024-25. Despite efforts to fill vacancies, the ongoing underutilization of funds raises concerns

about resource efficiency. The Committee stress the need for urgent action to ensure efficient utilization of funds for NFRA's effective functioning, especially with its growing responsibilities in overseeing Public Interest Entities (PIEs). In this context, the Committee also observe that vacancy notices are being issued to fill 32 out of 69 sanctioned positions. To support NFRA's expanding role, the Committee recommend accelerating the recruitment process and establishing a dedicated, permanent cadre of skilled professionals. This will be crucial to strengthening its regulatory and oversight functions.

5. The Committee also note that while NFRA has started audit quality inspections and participates in global surveys, the Ministry's response lacks specific details on the measurable outcomes or improvements in audit quality. There is a need for clearer evidence showing how NFRA's actions, including disciplinary orders, inspections, and revisions to auditing standards, have led to tangible improvements in audit practices. The Committee expect the Ministry to provide more insights on how the learnings from NFRA's orders are being incorporated and whether audit deficiencies have been reduced. The Committee recommend that the Ministry should encourage NFRA to expand its outreach initiatives and deepen collaboration with key stakeholders, including audit firms, industry bodies, and regulators, to further enhance the quality and transparency of audits, especially in high-risk sectors.

Serious Fraud Investigation Office (SFIO)

6. The Committee note that the Serious Fraud Investigation Office (SFIO) plays a crucial role in investigating complex financial frauds. While SFIO has made significant progress, including filing 1,171 prosecution cases with 325 convictions, the high vacancy rate of 47% in its cadre remains a serious concern. Out of 238 sanctioned posts which includes 127 posts under deputation, only 134 posts have been filled so far, which could hinder SFIO's capacity to manage its increasing workload. The Committee also observe that the budget estimates of SFIO has been increased to Rs.50.69 crore in the financial year 2025-26 compared to Rs.43.01 crore in 2024-25 due to increase in staff strength and to meet infrastructure expenses etc. The Committee recommend that the Ministry should prioritize the filling of vacant posts within

SFIO, particularly in the investigation and prosecution wings to improve the performance of SFIO and full utilization of earmarked funds. The Ministry may also create a permanent cadre to reduce dependency on deputationists.

7. The Committee note that while the Ministry highlights key areas in which frauds are being committed, it lacks clear follow-up actions; timelines; and monitoring mechanism. It does not address the need for stronger bank scrutiny; the closure of Ponzi schemes; or resolving digital lending loopholes, nor does it provide outcomes of disciplinary actions. Additionally, the response on penalties and convictions is vague, offering only basic figures without context or details on why higher court convictions were not upheld. The Committee should be apprised of complete details along with the status and effectiveness of legal actions. The Committee also feel that the Ministry should come out with a concrete plan to ensure effective enforcement and accountability. The Committee further urge that improved coordination, expedited trials, and enhanced case management, as well as exploring external expertise from Certified Fraud Examiners (CFEs) to fill specialized knowledge gap in SFIO in combating financial crimes.

Corporate Social Responsibility (CSR)

8. The Committee note the significant progress made under the Corporate Social Responsibility (CSR) framework, particularly with regard to the CSR expenditure by both public and private sector companies. However, the Committee is concerned about several gaps in the enforcement and monitoring of CSR compliance. The Ministry has provided basic data on CSR expenditure and notices issued for non-compliance, but there is a lack of detailed analysis on the effectiveness of CSR spending, the actual impact of the implemented projects; and the enforcement of penalties. Additionally, the unspent CSR funds and the effectiveness of the 'unspent CSR account' mechanism remain insufficiently transparent.

The Committee, therefore, recommend that the Ministry should establish a more comprehensive reporting and monitoring framework to ensure greater transparency in CSR spending, especially regarding unspent funds. This should include the regular publication of detailed reports on the impact and

outcomes of CSR projects; a more robust system for monitoring ongoing projects, and timely enforcement of penalties for non-compliance. Furthermore, the Ministry should consider strengthening the role of the Implementing Agencies and ensure better tracking of their performance to guarantee that CSR funds are being utilised effectively and for their intended purposes.

<u>Insolvency and Bankruptcy Code (IBC)</u>

9. The Committee acknowledges the significant progress made by the Insolvency and Bankruptcy Code (IBC) in improving the resolution of distressed corporate assets in India. However, the Committee observe that persistent challenges, such as conflicts of interest; lack of transparency; and delays in the resolution process, continue to hinder the full effectiveness of the Code. Key concerns include the absence of a mechanism to ensure that resolution plans are submitted confidentially and fairly, as well as the lack of a robust framework for monitoring and addressing complaints against Resolution Professionals (RPs). Additionally, the inconsistent interpretation of provisions and excessive delays in case resolution exacerbate inefficiencies.

To address these challenges, the Committee recommend that:-

(i) The Ministry to implement a direct submission system for resolution plans through a central online portal. This would ensure that sensitive information remains confidential, preventing any undue advantage for parties involved.

(ii) enhance the role of RPs by establishing rigorous certification standards, specialized training, and independent performance reviews. Complaints against RPs should be addressed promptly to ensure accountability.

(iii) implement a transparent system to track the time taken for case resolution, with a focus on monitoring instances where statutory timelines are violated. This could be done by providing a tabular format showing processing times, infringements, and delays to assist in better policy decision-making

(iv) review the structure of the Committee of Creditors (CoC) to ensure that operational creditors are adequately represented, as their interests are often overlooked.

The Committee believe that by addressing these challenges and implementing these recommendations, the IBC can be made more efficient, transparent, and effective in achieving its goals. This would streamline the resolution process; reduce conflicts of interest; and enhance the overall functioning of the insolvency framework which may ultimately boost confidence of investors and support the growth of India's economy.

Environmental, Social, and Governance (ESG) Regulations

10. The Committee acknowledge India's significant strides in promoting Environmental, Social, and Governance (ESG) practices through frameworks such as the Business Responsibility and Sustainability Reporting (BRSR) and the National Guidelines on Responsible Business Conduct (NGRBCs). These frameworks represent a major leap in fostering a responsible and sustainable business environment in the country. However, despite these advancements, there are several challenges remain that hinder the full effectiveness of India's ESG framework. These include the persistent risk of greenwashing, inconsistent implementation across sectors, and the difficulties faced by small businesses in adopting ESG practices.

To address these challenges and enhance the impact of India's ESG regulations, the Committee recommend the following multi-pronged approach:-

(i) First, to strengthen monitoring and enforcement, the Committee proposes the creation of a dedicated ESG oversight body within Ministry of Corporate Affairs. This body would be responsible for monitoring ESG disclosures, ensuring compliance with reporting standards, and introducing penalties for greenwashing.

(ii) Further, the Committee strongly believe that integrating ESG principle with corporate governance is crucial. They recommend amending the Companies Act, 2013, to include ESG objectives as part of their fiduciary

duties of Directors. This would make it mandatory for boards to oversee the integration of ESG considerations into their business strategies.

(iii) Independent ESG committees, similar to audit committees, should be established within boards to ensure that ESG strategies are effectively implemented and monitored.

(iv)The Ministry may dedicate a chapter for ESG in their Annual Report, which is currently missing, from the next year i.e., 2025-26 onwards.

New Delhi;	**Bhartruhari Mahtab**
18 March, 2025	**Chairperson,**
27 Phalguna, 1946 (Saka)	**Standing Committee on Finance**

Appendix – I

The Committee sat on Tuesday, the 18th February, 2025 from 1300 hrs. to 1430 hrs in Committee Room 'B', Parliament House Annexe, New Delhi.

PRESENT

Shri Bhartruhari Mahtab - Chairperson

LOK SABHA

2. Shri P. P. Chaudhary
3. Shri Lavu Sri Krishna Devarayalu
4. Shri Gaurav Gogoi
5. Shri Suresh Kumar Kashyap
6. Shri Kishori Lal
7. Thiru Arun Nehru
8. Shri N. K. Premachandran
9. Prof. Sougata Ray
10. Dr. Jayanta Kumar Roy
11. Dr. K. Sudhakar
12. Shri Manish Tewari
13. Shri BalashowryVallabhaneni
14. Shri Prabhakar Reddy Vemireddy

RAJYA SABHA

15. Dr. Ashok Kumar Mittal
16. Shri Sanjay Seth
17. Dr. Dinesh Sharma
18. Smt. Darshana Singh
19. Dr. M. Thambidurai
20. Shri Pramod Tiwari

SECRETARIAT

1.	Shri Vinay Pradeep Barwa	-	Director
2.	Shri Kuldeep Singh Rana	-	Deputy Secretary
3.	Shri T. Mathivanan	-	Deputy Secretary

WITNESSES

Ministry of Corporate Affairs

1. Ms. Deepti Gaur Mukerjee, Secretary
2. Ms. Anuradha Thakur, AS
3. Ms. Kamini Chauhan Ratan, AS&FA
4. Shri Sanjay Shorey, Director General of Corporate Affairs
5. Ms. Anita Shah Akella, Joint Secretary
6. Shri Balamurugan D., Joint Secretary
7. Shri Santanu Mitra, Sr. Economic Adviser
8. Shri Sunit Chandra, Registrar, NCLAT
9. Shri Utkarsh Yadav, Registrar, NCLT
10. Shri SidhilSasi, Deputy Director General, Statistics Division
11. Shri Dhruva Kumar Singh, Chief Controller of Accounts
12. Shri Samir Ashwin Vakil, Director, SFIO

2. At the outset, the Chairperson welcomed the Witnesses to the sitting of the Committee. After the customary introduction of the Witnesses and their introductory remarks, the Secretary, Ministry of Corporate Affairs made a Power Point Presentation (PPT) before the Committee in connection with the examination of Demands for Grants (2025-26) of the Ministry and issues connected therewith.

3. The following major issues, among other things, were discussed during the sitting:-

(i) Rationale for an extraordinary increase in Ministry's budget in FY 2025-26 in comparison to last year's estimates and trend in utilization of funds;

(ii) Status of mini-group insolvency framework to streamline resolution for interconnected entities;

(iii) Central Sector Schemes;

(iv) Corporate Data Management (CDM);

(v) Prime Minister's Internship Scheme (PMIS);

(vi) Corporate Social Responsibility (CSR) expenditures by private organisations;

(vii) Budget for the Investor Education and Protection Fund (IEPF) including the issue of pending claims under the IEPF;

(viii) Impact of implementation of guidelines for advancing Environmental Social Governance (ESG) principles;

(ix) Issues related to MCA-21 E Governance project;

(x) Status of cases under Serious Fraud Investigation Office (SFIO) and penalties and convictions there under;

(xi) Disposal of cases in the National Company Law Tribunal (NCLT);

(xii) Issues regarding the Insolvency and Bankruptcy Code (IBC), including the status of companies rehabilitated under the code;

(xiii) Issues faced by operational creditors due to their lower priority in the waterfall mechanism and the issue of huge haircuts and low recovery rates under the IBC;

(xiv) Issues regarding vacancies in the statutory bodies and quasi-judicial bodies of the Ministry; and

(xv) Steps needed to address auditing shortcomings identified by National Financial Reporting Authority (NFRA).

4. Then, the witnesses responded to the queries raised by the Members. Thereafter, the Chairperson directed the representatives of the Ministry of Corporate Affairs to furnish written replies to the points raised by the Members, which could not be readily replied by them during the discussion, within a week to the Secretariat.

The witnesses then withdrew.

The Committee then adjourned.

A verbatim record of the proceedings has been kept.

Appendix – II

Minutes of the Seventeenth sitting of the Standing Committee on Finance (2024-25). The Committee sat on Tuesday, the 18 March, 2025 from 1500 hrs to 1545 hrs in Committee Room '62', Samvidhan Sadan (SS), New Delhi.

PRESENT

Shri Bhartruhari Mahtab – Chairperson

LOK SABHA

2. Shri P. P. Chaudhary
3. Shri Lavu Sri Krishna Devarayalu
4. Shri Gaurav Gogoi
5. Shri K. Gopinath
6. Shri Suresh Kumar Kashyap
7. Shri Kishori Lal
8. Shri Harendra Singh Malik
9. Shri Chudasama Rajeshbhai Naranbhai
10. Thiru Arun Nehru
11. Shri N. K. Premachandran
12. Dr. C. M. Ramesh
13. Prof. Sougata Ray
14. Dr. Jayanta Kumar Roy
15. Dr. K. Sudhakar
16. Shri Manish Tewari
17. Shri Balashowry Vallabhaneni
18. Shri Prabhakar Reddy Vemireddy

RAJYA SABHA

19. Dr. Ashok Kumar Mittal
20 Shri S. Selvaganabathy
21. Shri Sanjay Seth
22. Dr. Dinesh Sharma
23. Smt. Darshana Singh
24. Shri Pramod Tiwari

SECRETARIAT

1.	Shri Vinay Pradeep Barwa	-	Director
2.	Shri Kuldeep Singh Rana	-	Deputy Secretary
3.	Shri T. Mathivanan	-	Deputy Secretary

2. At the outset, the Chairperson welcomed the Members to the sitting of the Committee. Thereafter, the Committee took up the following draft reports for consideration and adoption:

i. Eighth Report on Demands for Grants (2025-26) of the Ministry of Finance (Departments of Economic Affairs, Expenditure, Public Enterprises and Investment & Public Asset Management);

ii. Ninth Report on Demands for Grants (2025-26) of the Ministry of Finance (Department of Revenue);

iii. Tenth Report on Demands for Grants (2025-26) of the Ministry of Corporate Affairs;

iv. Eleventh Report on Demands for Grants (2025-26) of the Ministry of Planning;

v. Twelfth Report on Demands for Grants (2025-26) of the Ministry of Statistics and Programme Implementation; and

vi. Thirteenth Report on Demands for Grants (2025-26) of the Ministry of Finance (Department of Financial Services).

3. After some deliberations, the Committee adopted the above draft Reports with minor modifications and authorised the Chairperson to finalise them and present the Reports to the Parliament.

The Committee then adjourned.