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**STANDING COMMITTEE ON FINANCE
(2022-23)**

SEVENTEENTH LOK SABHA

MINISTRY OF CORPORATE AFFAIRS

[Action taken by the Government on the Observations / Recommendations contained in Fifty-Sixth Report of the Standing Committee on Finance on 'Demands for Grants (2023-24) of the Ministry of Corporate Affairs']

SIXTY-THIRD REPORT



**LOK SABHA SECRETARIAT
NEW DELHI**

July, 2023 / Ashadha, 1945 (Saka)

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[Action taken by the Government on the Observations /Recommendations contained in Fifty-Sixth Report of the Standing Committee on Finance on Demands for Grants (2023-24) of the Ministry of Corporate Affairs']

Presented to Lok Sabha on 27th July, 2023

Laid in Rajya Sabha on 27th July, 2023



**LOK SABHA SECRETARIAT
NEW DELHI**

July, 2023 / Ashadha, 1945 (Saka)

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COMPOSITION OF STANDING COMMITTEE ON FINANCE (2022-23)

Shri Jayant Sinha - Chairperson

MEMBERS

LOK SABHA

2. Shri S.S. Ahluwalia
3. Shri Sukhbir Singh Badal
4. Shri Subhash Chandra Baheria
5. Dr. Subhash Ramrao Bhamre
6. Smt. Sunita Duggal
7. Shri Gaurav Gogoi
8. Shri Sudheer Gupta
9. Shri Manoj Kishorbhai Kotak
10. Shri Pinaki Misra
11. Shri Hemant Shriram Patil
12. Shri Ravi Shankar Prasad
13. Shri Nama Nageshwara Rao
14. Prof. Sougata Ray
15. Shri P.V. Midhun Reddy
16. Shri Gopal Chinayya Shetty
17. Shri Parvesh Sahib Singh
18. Dr. (Prof) Kirit Premjibhai Solanki
19. Shri Manish Tewari
20. Shri Balashowry Vallabbhaneni
21. Shri Rajesh Verma

RAJYA SABHA

22. Dr. Radha Mohan Das Agarwal
23. Shri Raghav Chadha
24. Shri P. Chidambaram
25. Shri Damodar Rao Divakonda
26. Shri Ryaga Krishnaiah
27. Shri Sushil Kumar Modi
28. Dr. Amar Patnaik
29. Dr. C.M. Ramesh
30. Shri G.V.L. Narasimha Rao
31. Shri Pramod Tiwari*

SECRETARIAT

1. Shri Siddharth Mahajan - Joint Secretary
2. Shri Ramkumar Suryanarayanan - Director
3. Shri Puneet Bhatia - Deputy Secretary
4. Ms. Melody Vungthiansiam - Committee Officer

* *Vide* Rajya Sabha Bulletin Part-II no. 63014 dated 13.03.2023, Shri Pramod Tiwari was nominated to the Standing Committee on Finance (2022-23) on 13th March, 2023 *vice* Dr. Manmohan Singh, who resigned from the Committee w.e.f. 9th February, 2023.

INTRODUCTION

I, the Chairperson of the Standing Committee on Finance, having been authorized by the Committee, present this Sixty-Third Report on action taken by Government on the Observations/Recommendations contained in the Fifty-Sixth Report of the Committee (Seventeenth Lok Sabha) on Demands for Grants (2023-24) of the Ministry of Corporate Affairs.

2. The Fifty-Sixth Report was presented to Lok Sabha / laid on the table of Rajya Sabha on 23 March, 2023. The Action Taken Notes on the Observations/Recommendations were received from the Government *vide* their communication dated 15 June, 2023.

3. The Committee considered and adopted this Report at their sitting held on 20 July, 2023.

4. An analysis of the action taken by the Government on the Recommendations contained in the Fifty-Sixth Report of the Committee is given in the Appendix.

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

NEW DELHI
20 July, 2023
29 Ashadha, 1945 (Saka)

JAYANT SINHA,
Chairperson,
Standing Committee on Finance

REPORT

CHAPTER – I

This Report of the Standing Committee on Finance deals with action taken by the Government on the recommendations/observations contained in their 56th Report (Seventeenth Lok Sabha) on Demands for Grants (2023-24) of the Ministry of Corporate Affairs which was presented to Lok Sabha / laid in Rajya Sabha on 23 March, 2023.

2. The Action Taken Notes were received from Ministry of Corporate Affairs on 15 June, 2023. The Action Taken Notes have been received from the Government in respect of all the 7 recommendations contained in the Report. These have been analyzed and categorized as follows:

- (i) Recommendations/Observations that have been accepted by the Government:

Recommendation Nos. 1,2,3,4, 5, 6 & 7	(Total 7) (Chapter- II)
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- (ii) Recommendations/Observations which the Committee do not desire to pursue in view of the Government's replies:

NIL	(Total NIL) (Chapter- III)
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- (iii) Recommendations/Observations in respect of which replies of Government have not been accepted by the Committee:

NIL	(Total NIL) (Chapter -IV)
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- (iv) Recommendations/Observations in respect of which final replies by the Government are still awaited:

NIL	(Total - NIL) (Chapter- V)
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3. The Committee desire that the replies to the observations/recommendations contained in Chapter-I may be furnished to them expeditiously.

4. The Committee will now deal with and comment upon the action taken by the Government on some of their recommendations.

Recommendation (Serial No. 1)

Budgetary Allocation and Utilisation

5. The Committee note that the budgetary allocation for Ministry of Corporate Affairs is Rs. 756.19 crore for the next financial year 2023-24. This allocation is Rs. 23.17 crore higher than the amount earmarked for 2022-23 at B.E stage and Rs. 125.83 crore higher compared to the R.E figure in 2022-23. The B.E allocation for 2022-23 of Rs. 733.02 crore was sharply revised to Rs. 630.36 crore. The Ministry have informed that Rs. 439.21 crore has been utilized as on 17 February 2023 and have stated that there will be no lapse in the ceiling allocated during 2022-23. However, the Committee find that despite the Ministry's submission of over 95% utilization of funds in 2020-21 and 2021-22, the surrendered amounts of Rs. 30.28 crore in 2020-21 and Rs. 24.91 crore in 2021-22 reflect laxity on the part of the Ministry in ensuring efficient utilization of funds.

6. In their action taken reply the Ministry of Corporate Affairs have submitted as follows:-

“As informed earlier that as per the Ministry of Finance’s expenditure management guidelines, the Ministry is to spend the allocated budget as per monthly expenditure plan (MEP) and Quarterly Expenditure Plan (QEP). During 2020-21, the Ministry was restricted to spend not more than 5% in a month and 15% in a quarter of the total budget during the first half of the financial year as an austerity measure during the first wave of Covid-19 pandemic. Moreover, the budget of the Ministry is revised at R.E. stage mainly based on the level of expenditure during first half of the financial year. Despite these restrictions besides severe impact in the activities of the Ministry during lock-down of Covid-19 pandemic, the Ministry incurred total expenditure of Rs. 651.54 crore out of R.E. of Rs. 680.00 crore (95.81%) during 2020-21 and the actual surrendered amount was Rs. 26.98 crore.

During 2021-22, Ministry was restricted to spend only 20% of total BE 2021-22 of Rs. 712.13 crore during 2nd quarter of 2021-22 as an austerity measure on account of Covid-19 pandemic. Also 2nd wave of Covid-19 during April-June 2021 adversely affected various activities of the Ministry. Despite these restrictions, this Ministry incurred total expenditure of Rs.628.97 crore out of R.E. of Rs.659.75 crore (i.e. 95.33%) during 2021-22 and the actual surrendered amount was Rs.24.91 crore.

For FY 2022-23, the total surrender of the Ministry comes out to be Rs. 161.47 crore out of which Rs. 102.66 crore is the technical surrender in view of difference between BE 2022-23 (Rs. 733.02 crore) and RE 2022-23 (Rs. 630.36 Crore) and the remaining funds to the tune of Rs. 58.81 crore is the actual surrender. The reasons for surrendered of fund are as under :

- (i) Under IT Head : due to delay in implementation of MCA 21 V-3 and non-fulfillment of certain contractual obligations .*
- (ii) Under FTE Head : due to postponement of Foreign Training of ICLS probationary officers*
- (iii) Under Capital Head : due to some legal disputes at Corporate Bhawan, Kolkata, the payment was not released to CPWD.*
- (iv) Under Salary Head : due to delay in filling up the posts in various offices under this Ministry.”*

7. The Committee note that for Financial Year 2022-23, the Ministry of Corporate Affairs surrendered funds to the tune of Rs. 58.81 crore. Various reasons given by the Ministry for surrender of funds include delay in implementation of MCA21 Version 3, postponement of Foreign Training of ICLS probationary officers, non payment due to legal disputes and delay in filling up of posts in various offices under the Ministry. The Committee therefore urge that these issues may be resolved in coordination with the stakeholders. The Committee have highlighted the perennial issue of manpower shortages in offices under the Ministry year after year. The Committee are also concerned about the vacancies in key bodies under the Ministry which include 40 vacancies in National Financial Reporting Authority (NFRA), 150 vacancies in Serious Fraud Investigation Office (SFIO), 70 vacancies in Competition Commission of India (CCI) and 15 vacant posts of Judicial Members in National Company Law Tribunal

(NCLT). The Committee feel that such huge vacancies in these key bodies may directly impact the economy as the efficacy of the implementation of important statutes such as the Companies Act, the Insolvency and Bankruptcy Code and the Competition Act vests with these statutory bodies. The Committee therefore recommend that the Ministry should exercise due diligence in ensuring efficiency in utilization of funds especially towards filling up of vacant posts in its statutory and quasi-judicial bodies.

Recommendation (Serial No. 6)

Pendency of Cases, Cadre Review and Restructuring Process in Competition

Commission of India

8. The Committee note that Competition Commission of India (CCI) was established in 2009 to promote and sustain competition in markets, protect interest of consumers and ensure freedom of trade. While the overall pendency of cases with CCI in the last three years have gone down from 151 in 2020-21 to 132 in 2021-22 and 122 in 2022-23 (as on 24 February 2023), the Committee would like to be apprised of the conviction rates in the cases completed so far. Regarding the staff strength in CCI and Director General (DG) Office, the Ministry informed that out of the sanctioned strength of 195, 128 are in position and 67 posts are vacant. The Committee find that vacancies in CCI and DG's office in 2021-22 and 2020-21 were 69 and 78 respectively revealing a perennial problem plaguing most statutory and judicial bodies under the aegis of the Ministry of Corporate Affairs. The Committee further find that the Cadre Review and Restructuring of CCI and DG's office has been going on for the past few years and is still under re-examination despite the Committee's recommendations for expediting the process. The Committee feel that given the pendency of cases with CCI along with the constitution of the Committee on Digital Competition Law, the Cadre Review and Restructuring process should be finalized at the earliest and the Committee desire that the Digital Competition Law be finalized by May 2023 as envisaged by the Ministry.

9. In their action taken reply, the Ministry of Corporate Affairs have submitted as follows:-

"Anti-competitive Agreements and Abuse of Dominant Position

Since its inception, CCI has received 1224 cases till date relating to anti-competitive agreements and abuse of dominance. Out of these, 1102 cases have been disposed of by CCI.

In 699 cases, CCI did not find any contravention of the provisions of the Competition Act, 2002 ('Act') and the same were closed at the initial stage itself under Section 26(2) of the Act.

In 502 cases, CCI noted prima facie contravention of the provisions of the Act and the same were referred to the Office of the Director General ('DG') for investigation.

Out of these, investigation reports were received in 454 cases whereafter 218 cases were closed by the Commission under Section 26(6) of the Act finding no contravention. In 185 cases, contravention of the provisions of the Act was found and CCI issued appropriate remedial orders including cease & desist direction, imposition of monetary penalties and other behavioural remedies.

As on 30.04.2023, a total of 119 cases are before CCI. Out of these, 24 cases are at prima facie stage; 48 cases are under investigation and in 47 cases, investigation reports have been received and are for consideration before CCI.

M&As

On regulation of combinations (M&As) side, CCI received 1027 combination (M&As) notices for approval. Out of these, CCI disposed of 1020 notices granting approval in 953 cases, with remedies proposed in 26 cases.

67 M&A notices were invalidated/ withdrawn.

7 M&A notices are currently for consideration of CCI.

Present staff position of CCI & DG's office:

The details of sanctioned and existing strength of posts as well as vacancies in the Competition Commission of India (CCI), including those in the office of Director General, CCI, as on 11.5.2023, are as under:

Name of the office	Present Sanctioned Strength	Present Working Strength	Present vacancy position
CCI	154	102	52
O/o. DG, CCI	41	22	18
Total Strength:	195	124*	70

**Excluding 4 officers of CCI working outside on deputation*

Status regarding filling of vacant posts in CCI & DG's office:

Status regarding CCI:

The 52 vacant posts in CCI pertains to Direct Recruitment Quota, Promotion quota and Deputation quota. Out which 26 vacant posts of Law/Eco/FA streams pertain to Direct Recruitment quota. However, D.R. recruitment has been kept in abeyance, owing to ongoing process of comprehensive cadre restructuring of CCI.

In respect of promotion quota posts, promotions of eligible candidates of CCI will be considered on next due date i.e. as on 01.01.2024.

Filling up of posts on deputation basis is being processed.

Status regarding filling up of posts in DG's office on deputation basis:

A vacancy circular to fill up 17 posts in the office of DG, CCI has been issued on 09.03.2023 and the extended last date prescribed for receipt of applications is 12.05.2023.

Status regarding Comprehensive Cadre Review and Restructuring process:

The Cadre Review and restructuring of CCI and DG's office is under consideration in the Ministry in view of the information furnished by CCI.

Status regarding Digital Competition Law

Regarding Digital Competition Law, the deliberations by the Committee on Digital Competition Law are under process and 08 meetings have been held so far."

10. The Committee note that Competition Commission of India (CCI) has received 1224 cases relating to anti-competitive agreements and abuse of dominance since its inception out of which 119 are currently before CCI. The Committee further note that the present vacancy position in CCI and DG Office is 70 out of the sanctioned strength of 195. The Ministry have informed that recruitment has been kept in abeyance due to ongoing process of comprehensive cadre restructuring of CCI. The Committee have in their earlier reports urged the Ministry to expedite the process of Cadre Review and restructuring of CCI and DG's office and find that the Ministry have been consistently repeating that the

process is under consideration. The Committee are of the opinion that even as the workload of the CCI intensifies and diversifies, the need arises for the entire workforce to be in place to ensure that the antitrust regulator fulfils its statutory role. Further, the Ministry had earlier envisaged that the Digital Competition Law would be finalized by May 2023. However, the Ministry have now informed that deliberations on Digital Competition Law are still under process. The Committee therefore reiterate that the Digital Competition Law be finalized at the earliest in order to check the slew of anti competitive practices plaguing digital markets in India.

CHAPTER II

RECOMMENDATIONS/OBSERVATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

Recommendation (Serial No. 1)

1. The Committee note that the budgetary allocation for Ministry of Corporate Affairs is Rs. 756.19 crore for the next financial year 2023-24. This allocation is Rs. 23.17 crore higher than the amount earmarked for 2022-23 at B.E stage and Rs. 125.83 crore higher compared to the R.E figure in 2022-23. The B.E allocation for 2022-23 of Rs. 733.02 crore was sharply revised to Rs. 630.36 crore. The Ministry have informed that Rs. 439.21 crore has been utilized as on 17 February 2023 and have stated that there will be no lapse in the ceiling allocated during 2022-23. However, the Committee find that despite the Ministry's submission of over 95% utilization of funds in 2020-21 and 2021-22, the surrendered amounts of Rs. 30.28 crore in 2020-21 and Rs. 24.91 crore in 2021-22 reflect laxity on the part of the Ministry in ensuring efficient utilization of funds.

Reply of the Government:

“As informed earlier that as per the Ministry of Finance's expenditure management guidelines, the Ministry is to spend the allocated budget as per monthly expenditure plan (MEP) and Quarterly Expenditure Plan (QEP). During 2020-21, the Ministry was restricted to spend not more than 5% in a month and 15% in a quarter of the total budget during the first half of the financial year as an austerity measure during the first wave of Covid-19 pandemic. Moreover, the budget of the Ministry is revised at R.E. stage mainly based on the level of expenditure during first half of the financial year. Despite these restrictions besides severe impact in the activities of the Ministry during lock-down of Covid-19 pandemic, the Ministry incurred total expenditure of Rs. 651.54 crore out of R.E. of Rs. 680.00 crore (95.81%) during 2020-21 and the actual surrendered amount was Rs. 26.98 crore.

During 2021-22, Ministry was restricted to spend only 20% of total BE 2021-22 of Rs. 712.13 crore during 2nd quarter of 2021-22 as an austerity measure on account of Covid-19 pandemic. Also 2nd wave of Covid-19 during April-June 2021 adversely

affected various activities of the Ministry. Despite these restrictions, this Ministry incurred total expenditure of Rs.628.97 crore out of R.E. of Rs.659.75 crore (i.e. 95.33%) during 2021-22 and the actual surrendered amount was Rs.24.91 crore.

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- (ii) Under FTE Head : due to postponement of Foreign Training of ICLS probationary officers
- (iii) Under Capital Head : due to some legal disputes at Corporate Bhawan, Kolkata, the payment was not released to CPWD.
- (iv) Under Salary Head : due to delay in filling up the posts in various offices under this Ministry.”

[Ministry of Corporate O.M. No. G-20017/06/2023. dated 15th June, 2023]

(For Comments of the Committee on recommendations 1, please refer para No. 7 respectively of Chapter I)

Recommendation (Serial No. 2)

The Committee note that NFRA is a statutory body constituted under Section 132 of the Companies Act, 2013 in October 2018 to protect the public interest and interest of investors by establishing high quality standards of accounting and auditing and exercising effective oversight of accounting functions performed by Companies and bodies Corporate. The Committee find that the budgetary allocation for NFRA in 2022-23 is Rs. 43.20 crore which is 68.5% higher than the previous years' BE allocation of Rs. 29.61 crore. The Ministry have informed that the increase in allocation is on account of filling up vacant posts which has come down to 40 from 58 out of the total sanctioned 69 posts. The Committee find that the vacancy in NFRA is still more than 50 per cent, considering the Authority has completed four years with the huge task of preparing audit review reports and audit quality inspections. The Committee recommend that the

vacancy of 40 posts in NFRA be promptly filled within the coming financial year given the enhancement in funds for the same purpose.

Reply of the Government:

“The process of Direct Recruitment (DR) at entry levels are completed in December 2022. A total of 13 officers joined as Direct Recruits against 18 DR posts.

Vacancy circulars are already issued for the filling up the 35 posts on deputation/short- term contract, and the recruitment process is under progress. Concerted efforts are being made to fill up the vacant posts.

Details of Appointments made by NFRA against the Vacancy circulars issued till date:

- (i) Against the Vacancy circular dated 18th June 2019, six (06) officers (ED-02, CGM-01, Manager-01 & AM-02) have been appointed in NFRA on Deputation/ short-term contract.
- (ii) Against the Vacancy circular dated 17th January 2020, five (05) officers (ED-02, AGM-01 & AM-02) have been appointed in NFRA on Deputation/ short-term contract.
- (iii) Against the Vacancy circular dated 8th June 2020, one (01) officer (ED-01) has been appointed in NFRA on Deputation/ short-term contract.
- (iv) Against the Vacancy circular dated 18th Feb 2021, one (01) Armed forces personnel was selected for the post of Driver for deputation and was issued Offer of Appointment, but the candidate has declined the offer.
- (v) Against the Vacancy circular dated 21st & 22nd January 2021, three (03) officers (CGM-01 & DGM-02) have been appointed in NFRA on Deputation/ short-term contract.
- (vi) Against the Vacancy circular dated 8th March 2021 & 12th August 2021, seven (07) officers (ED- 03, DGM-02 & AM-01, Sr. PS- 01) have been appointed in NFRA on Deputation/ short-term contract.
- (vii) Against the Vacancy circular dated 2nd December 2021, one (01) officer (DGM-01) has been appointed in NFRA on Deputation/ short-term contract.
- (viii) Against the Vacancy Circular for Direct Recruitment for the posts of Manager and Assistant Manager dated 17th February 2020, Results were declared on 04.01.2022 for Manger (07) Assistant Manager (07). Out of the 18 posts, thirteen (13) officers (Manager-06 & AM- 07) joined NFRA.
- (ix) Against the Vacancy circulars for deputation/short-term contract dated 16th December 2022 for seven posts from ED to AM, the last date of receipt of applications was 28.03.2023. Eligible candidates are shortlisted, and further process is ongoing.

- (x) Against the Vacancy circulars for deputation/short-term contract dated 9th January 2023 for six posts Sr. PS, PS, PA(Grade I,II & III) and Driver, the last date of receipt of applications was 03.05.2023.
- (xi) Presently, out of the total sanctioned 69 posts (68 posts + 01 Secretary), 28 officers are in position.

[Ministry of Corporate O.M. No. G-20017/06/2023. dated 15th June, 2023]

Recommendation (Serial No. 3)

The Committee note that Serious Fraud Investigation Office (SFIO) will be completing twenty years since it was set up through a resolution in July 2003. The SFIO was accorded statutory status through the Companies Act, 2013 in the backdrop of major failures in non-banking financial institutions and stock market scams in July 2015. Budgetary allocation for SFIO has gradually increased over the years and had a substantial jump from Rs. 40.14 crore in 2022-23 (BE) to Rs. 54.92 crore in 2023-24 (BE). The Ministry has justified this enhancement in budget towards filling up of vacant posts. However, the Committee find that 150 posts are lying vacant out of the sanctioned 238 posts, which the Ministry claims will be filled during the year. The Committee had earlier flagged that the Ministry's proposal of increasing the sanctioned strength in SFIO by 105 posts to 238 would only result in increasing vacancies going by their track-record. Given the fact that 87 investigation cases involving 762 companies are in progress, the Committee recommend that the enhancement in budget is fully utilized towards filling up the vacancies in SFIO within the current financial year itself. The Committee hope that during the next financial year, all 238 staff in the SFIO would be in position and that the investigation cases would be cleared swiftly.

Reply of the Government:

"SFIO is in the process of filling of vacant posts by direct recruitment as well as by deputation (ISTC). All steps are being taken up in coordination with UPSC, SSC and other departments to full up the vacant seats at the earliest.

The details of steps taken to fill the vacant posts are as under:

DR posts: Proposal to fill 36 posts has been submitted to UPSC and 9 posts has been submitted with SSC. (total 45 posts). In addition to above, proposal to fill 03 posts being submitted to UPSC through MCA.

Deputation (ISTC) Posts:

- a. 17 officers have been selected by UPSC and are likely to join SFIO shortly.
- b. Proposal to fill 22 posts has been submitted with UPSC and is in the final stage.
- c. Advertisement has been issued to fill 40 vacant posts on deputation basis.
- d. Proposal to be submitted – Proposal to fill 09 posts of various categories by deputation (ISTC) being submitted to UPSC.

Encadred / decadred: In relation to the 5 posts, letters have been sent to the appropriate authorities for posting of officers.

Other Initiatives:

- a. Fresh Recruitment Rules (RR's) are being drafted for newly created 9 posts.
- b. Existing Recruitment Rules are being amended.

[Ministry of Corporate O.M. No. G-20017/06/2023. dated 15th June, 2023]

Recommendation (Serial No. 4)

The Committee note that Insolvency and Bankruptcy Board of India (IBBI) is one of the key pillars responsible for implementation of the IBC. The IBBI has regulatory oversight over Insolvency Professionals and makes regulations for the Corporate Insolvency Resolution Process. The Committee in their subject report on 'Implementation of Insolvency and Bankruptcy Code – Pitfalls and Solutions' had expressed their apprehensions regarding the competency of Resolution Professionals (RPs) in handling complex cases. The Committee observe that six years after the enactment of the Code, the conduct of RPs is an impediment that has hindered the quality and sanctity of the Code as envisaged. Out of the 6523 complaints disposed against RPs, 535 investigations have been ordered and 166 show cause notices have been issued. The Ministry have informed that RPs have been mandated by IBBI to undergo continuing professional education on a regular basis.

Reply of the Government:

"The IBBI being the principal regulator of Insolvency Professionals (IP's) closely monitors the performance and conduct of IP's in accordance with the mandate under the Code read with the Code of Conduct as provided in the IBBI (Insolvency Professionals) Regulations, 2016. It conducts inspections/ investigations where it has reasonable grounds to believe that an IP has contravened any of the provisions of the Code or rules or regulations made there under to ensure necessary checks and

balances. Further, based on examination of the inspection report or otherwise material available on record, IBBI issues show cause notice (SCN) to IP's. In FY 2022-23, the IBBI has reviewed its enforcement mechanism including IBBI (Grievance and Complaint Handling Procedure) Regulations, 2017 as well as IBBI (Inspection and Investigation) Regulations, 2017. In the revised mechanism, IBBI has made suitable changes including revision in various timelines provided in these regulations keeping in mind the time bound disposal of complaints / grievances.

As of end of March 2023, 6620 complaints/ grievances have been disposed of by the Board. Further, 593 inspections/investigations of IP's have been ordered and 186 SCNs have been issued to them. The Disciplinary Committee (DC) of the Board has disposed of SCNs with varying degrees of punishments imposed on IP's for misconduct, including 6 orders of cancellation of IP registration, 51 suspensions, 27 orders imposing monetary penalties and 26 orders entailing warning to the IP's. To build the capacity of RP's the IBBI has been organizing workshops, webinars, trainings and roundtables to deliver specialized and deep level learning about the functioning of the Code and the role and responsibilities of RP's under it. As of end of March 2023, the IBBI has conducted 27 basic workshops, 18 advanced workshops, 63 webinars, 132 roundtables, 11 trainings and 21 other workshops for RPs."

[Ministry of Corporate O.M. No. G-20017/06/2023. dated 15th June, 2023]

Recommendation (Serial No. 5)

The Committee note that Investor Education and Protection Fund (IEPF) Authority was established to promote investor education, awareness and protection and make refunds of unclaimed shares and dividends. The Ministry have informed that enhancement in BE 2023-24 to Rs. 9.13 crore from Rs. 7.04 crore in 2022-23 is due to anticipation of hiring additional manpower. Further, the Committee had earlier recommended that the penalty imposed on Companies for not sending online verification within thirty days should be increased beyond Rs. 2500, which was set as the maximum limit. The Committee reiterate their earlier recommendation as 23,969 claims are pending for settlement by Companies. The Committee further hope that the integrated IT portal announced in the Budget Speech would be expeditiously implemented and would translate to swifter settlement of claims.

Reply of the Government:

“The increase in budget is mainly due to the anticipation of filling up of the vacant posts during the financial year 2023-24. In order to fill up the vacant posts, continuous endeavor has been made by the IEPF Authority.

Efforts are also being made to settle the pending claims within the prescribed timelines. Out of the total 1,21,707 claim filed with the IEPF Authority as on 31.03.2023, 98819 claims have been settled. 6786 claims are pending for receipt of e-verification report by the companies. The IEPF Authority will strive for settlement of pending claims during the financial year subject to submissions of documents by the claimants and companies. An integrated IEPF Portal to bring all stakeholders such as claimant, companies, depositories, PFMS etc. on a single platform for seamless and transparent mechanism to process claims has been announced in the Budget. It is being endeavored to roll out the portal by December 2023 and the implementation for the portal has been assigned to BISAG-N (Bhaskaracharya National Institute for Space Applications and Geoinformatics).”

[Ministry of Corporate O.M. No. G-20017/06/2023. dated 15th June, 2023]

Recommendation (Serial No. 6)

The Committee note that Competition Commission of India (CCI) was established in 2009 to promote and sustain competition in markets, protect interest of consumers and ensure freedom of trade. While the overall pendency of cases with CCI in the last three years have gone down from 151 in 2020-21 to 132 in 2021-22 and 122 in 2022-23 (as on 24 February 2023), the Committee would like to be apprised of the conviction rates in the cases completed so far. Regarding the staff strength in CCI and Director General (DG) Office, the Ministry informed that out of the sanctioned strength of 195, 128 are in position and 67 posts are vacant. The Committee find that vacancies in CCI and DG’s office in 2021-22 and 2020-21 were 69 and 78 respectively revealing a perennial problem plaguing most statutory and judicial bodies under the aegis of the Ministry of Corporate Affairs. The Committee further find that the Cadre Review and Restructuring of CCI and DG’s office has been going on for the past few years and is still under re-examination despite the Committee’s recommendations for expediting the process. The Committee feel that given the pendency of cases with CCI along with the constitution of the Committee on Digital Competition Law, the Cadre Review and

Restructuring process should be finalized at the earliest and the Committee desire that the Digital Competition Law be finalized by May 2023 as envisaged by the Ministry.

Reply of the Government:

"Anti-competitive Agreements and Abuse of Dominant Position

Since its inception, CCI has received 1224 cases till date relating to anti-competitive agreements and abuse of dominance. Out of these, 1102 cases have been disposed of by CCI.

In 699 cases, CCI did not find any contravention of the provisions of the Competition Act, 2002 ('Act') and the same were closed at the initial stage itself under Section 26(2) of the Act.

In 502 cases, CCI noted prima facie contravention of the provisions of the Act and the same were referred to the Office of the Director General ('DG') for investigation.

Out of these, investigation reports were received in 454 cases whereafter 218 cases were closed by the Commission under Section 26(6) of the Act finding no contravention.

In 185 cases, contravention of the provisions of the Act was found and CCI issued appropriate remedial orders including cease & desist direction, imposition of monetary penalties and other behavioural remedies.

As on 30.04.2023, a total of 119 cases are before CCI. Out of these, 24 cases are at prima facie stage; 48 cases are under investigation and in 47 cases, investigation reports have been received and are for consideration before CCI.

M&As

On regulation of combinations (M&As) side, CCI received 1027 combination (M&As) notices for approval. Out of these, CCI disposed of 1020 notices granting approval in 953 cases, with remedies proposed in 26 cases.

67 M&A notices were invalidated/ withdrawn.

7 M&A notices are currently for consideration of CCI.

Present staff position of CCI & DG's office:

The details of sanctioned and existing strength of posts as well as vacancies in the Competition Commission of India (CCI), including those in the office of Director General, CCI, as on 11.5.2023, are as under:

Name of the office	Present Sanctioned Strength	Present Working Strength	Present vacancy position
CCI	154	102	52
O/o. DG, CCI	41	22	18
Total Strength:	195	124*	70

**Excluding 4 officers of CCI working outside on deputation*

Status regarding filling of vacant posts in CCI & DG's office:

Status regarding CCI:

The 52 vacant posts in CCI pertain to Direct Recruitment Quota, Promotion quota and Deputation quota. Out of which 26 vacant posts of Law/Eco/FA streams pertain to Direct Recruitment quota. However, D.R. recruitment has been kept in abeyance, owing to ongoing process of comprehensive cadre restructuring of CCI.

In respect of promotion quota posts, promotions of eligible candidates of CCI will be considered on next due date i.e. as on 01.01.2024.

Filling up of posts on deputation basis is being processed.

Status regarding filling up of posts in DG's office on deputation basis:

A vacancy circular to fill up 17 posts in the office of DG, CCI has been issued on 09.03.2023 and the extended last date prescribed for receipt of applications is 12.05.2023.

Status regarding Comprehensive Cadre Review and Restructuring process:

The Cadre Review and restructuring of CCI and DG's office is under consideration in the Ministry in view of the information furnished by CCI.

Status regarding Digital Competition Law

Regarding Digital Competition Law, the deliberations by the Committee on Digital Competition Law are under process and 08 meetings have been held so far."

[Ministry of Corporate O.M. No. G-20017/06/2023. dated 15th June, 2023]

(For Comments of the Committee please refer para No. 10 of Chapter I)

Recommendation (Serial No. 7)

The Committee note that the National Company Law Tribunal (NCLT) was constituted in 2016 for faster resolution of corporate disputes and reducing the multiplicity of agencies thereby promoting 'ease of doing business' in the country. In the last six years since its constitution, the NCLT has transformed and evolved through the establishment of new benches, appointment of Members and implementation of virtual courts. However, the Committee find that the pendency of cases in NCLT has remained constant with over 20000 cases pending annually over the last four years. The NCLT has been understaffed and has been functioning with more or less 15 vacancies out of its sanctioned strength of 31 Judicial Members. The Committee has consistently highlighted this situation in their previous Reports given the significant role NCLT plays in the implementation of the Insolvency and Bankruptcy Code and the huge delays at every stage starting with the admission stage, leading to deterioration of asset value and low recovery rates. The Committee, therefore, reiterate their earlier recommendation that the sanctioned strength of 31 Judicial Members needs to be sufficiently expanded and the vacancies should be promptly filled within the next financial year.

Reply of the Government:

"It is mentioned that despite being a comparatively new body, NCLT has performed commendably. It has disposed of total 72,036 cases till 31.01.2023, which is 77.25% of the total cases dealt by it. It may also be noted that pendency of cases in NCLT cannot be solely attributed to number of Benches and Members. There are many other reasons for pendency, including filing of large number of Intervening/ Interlocutory applications (IAs) in many cases and also stay by appellate bodies in many cases. As regards, vacancies, it is stated that filling up of vacancies is a continuous process and vacant posts of Members are being filled from time to time. Government has approved appointment of 15 Members in November, 2022 out of which 14 have joined. For remaining vacancies as well as vacancies anticipated in 2023, selection process is underway at an advanced stage. The Government is constantly reviewing the position regarding manpower in NCLT. The recommendation of the Committee to increase

sanctioned strength of Members has been noted and it would be considered at appropriate time.”

[Ministry of Corporate O.M. No. G-20017/06/2023. dated 15th June, 2023]

CHAPTER III

**RECOMMENDATIONS/OBSERVATIONS WHICH THE COMMITTEE DO NOT DESIRE
TO PURSUE IN VIEW OF THE GOVERNMENT'S REPLIES**

-NIL-

CHAPTER IV

**RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH REPLIES OF THE
GOVERNMENT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE**

-NIL-

CHAPTER V

**RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH FINAL REPLIES
OF THE GOVERNMENT ARE STILL AWAITED**

-NIL-

**NEW DELHI;
20 July, 2023
29 Ashadha, 1945 (Saka)**

**SHRI JAYANT SINHA,
Chairperson,
Standing Committee on Finance**

Minutes of the Twenty-first sitting of the Standing Committee on Finance (2022-23) The Committee sat on Thursday, the 20th July, 2023 from 1500hrs. to 1700 hrs. in Committee Room '2', Parliament House Annexe Extension Block A, New Delhi.

PRESENT

Shri Jayant Sinha – Chairperson

LOK SABHA

2. Shri S.S Ahluwalia
3. Shri Subhash Chandra Baheria
4. Dr. Subhash Ramrao Bhamre
5. Smt. Sunita Duggal
6. Shri Gaurav Gogoi
7. Shri Sudheer Gupta
8. Shri Manoj Kishorbhai Kotak
9. Shri Hemant Shriram Patil
10. Shri Nama Nageswara Rao
11. Shri Gopal Chinayya Shetty
12. Shri Parvesh Sahib Singh
13. Dr. (Prof.) Kirit Premjibhai Solanki
14. Shri Manish Tewari
15. Shri Balashowry Vallabbhaneni

RAJYA SABHA

16. Dr. Radha Mohan Das Agarwal
17. Shri Ryaga Krishnaiah
18. Shri Sushil Kumar Modi
19. Dr. Amar Patnaik
20. Shri G.V.L Narasimha Rao
21. Shri Pramod Tiwari

SECRETARIAT

- | | | | |
|----|------------------------------|---|------------------|
| 1. | Shri Siddharth Mahajan | - | Joint Secretary |
| 2. | Shri Ramkumar Suryanarayanan | - | Director |
| 3. | Shri Puneet Bhatia | - | Deputy Secretary |

PART I

2. XX XX XX XX XX XX
 XX XX XX XX XX XX.

(The witnesses then withdrew)

PART II

3. XX XX XX XX XX XX
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(The witnesses then withdrew)

4. Thereafter, the Committee took up the following draft reports for consideration and adoption:

- (i) Draft Report on the subject 'Cyber security and rising incidence of cyber/white collar crimes' of the Ministry of Finance (Department of Financial Services), Ministry of Electronics and Information Technology and Ministry of Home Affairs.
- (ii) Draft Action Taken Report on the recommendations contained in the Fifty-Third Report on the subject 'Anti-Competitive Practices by Big-Tech Companies' of the Ministry of Corporate Affairs.
- (iii) Draft Action Taken Report on the recommendations contained in the Fifty-Fourth Report on Demands for Grants (2023-24) of the Ministry of Finance (Departments of Economic Affairs, Expenditure, Financial Services, Investment & Public Asset Management and Public Enterprises).
- (iv) Draft Action Taken Report on the recommendations contained in the Fifty-Fifth Report on Demands for Grants (2023-24) of the Ministry of Finance (Department of Revenue).

- (v) Draft Action Taken Report on the recommendations contained in the Fifty-Sixth Report on Demands for Grants (2023-24) of the Ministry of Corporate Affairs.
- (vi) Draft Action Taken Report on the recommendations contained in the Fifty-Seventh Report on Demands for Grants (2023-24) of the Ministry of Planning.
- (vii) Draft Action Taken Report on the recommendations contained in the Fifty-Eighth Report on Demands for Grants (2023-24) of the Ministry of Statistics and Programme Implementation.

After some deliberations, the Committee adopted the above draft Reports and authorised the Chairperson to finalise them and present the Reports to the Parliament. The Chairperson also appreciated the Committee Secretariat for putting their sincere efforts in drafting comprehensive reports within a short span of time. The Committee also decided to undertake a Study Tour during the third or fourth week of August, 2023.

The Committee then adjourned.

A verbatim record of the proceedings has been kept.

APPENDIX

(Vide Para 4 of the Introduction)

ANALYSIS OF THE ACTION TAKEN BY THE GOVERNMENT ON THE RECOMMENDATIONS CONTAINED IN THE FIFTY SIXTH REPORT OF THE STANDING COMMITTEE ON FINANCE (SEVENTEENTH LOK SABHA) ON DEMANDS FOR GRANTS (2023-24) OF THE MINISTRY OF CORPORATE AFFAIRS

	Total	% of total
(i) Total number of Recommendations	7	
(ii) Recommendations/Observations which have been accepted by the Government (vide Recommendation at Sl. Nos. 1,2,3,4,5, 6 & 7)	7	100%
(iii) Recommendations/Observations which the Committee do not desire to pursue in view of the Government's replies	Nil	0.00
(iv) Recommendations/Observations in respect of which replies of the Government have not been accepted by the Committee	Nil	0.00
(v) Recommendations/Observations in respect of which final reply of the Government are still awaited	Nil	0.00