

03

**STANDING COMMITTEE ON FINANCE
(2024-25)**

EIGHTEENTH LOK SABHA

MINISTRY OF CORPORATE AFFAIRS

**DEMANDS FOR GRANTS
2024-25**

THIRD REPORT



**LOK SABHA SECRETARIAT
NEW DELHI**

December, 2024/ Agrahayana, 1946 (Saka)

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MINISTRY OF CORPORATE AFFAIRS

**DEMANDS FOR GRANTS
(2024-25)**

Presented to Lok Sabha on 06 December, 2024

Laid in Rajya Sabha on 06 December, 2024



**LOK SABHA SECRETARIAT
NEW DELHI**

December, 2024/ Agrahayana, 1946 (Saka)

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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 Murlid 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 Third Report (Eighteenth Lok Sabha) on 'Demands for Grants (2024-25)' of the Ministry of Corporate Affairs.

2. The Demands for Grants (2024-25) 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 29 October 2024. 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 (2024-25).

4. The Committee considered and adopted this Report at their Sitting held on 04 December, 2024.

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;
4 December, 2024
13 Agrahayana, 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 & 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 statutes. The MCA is implementing these tasks successfully 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).

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 MCA and its attached, subordinate offices, quasi-judicial, statutory bodies and autonomous institutions as mentioned above. The IICA which is an autonomous body of the Ministry, has become self-sustaining from 2020-21 and no budget support from the Ministry is given to it from the Financial Year 2020-21.

5. A summary of Demands for Grants of the MCA from 2020-23 is as under:-

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
2020-21	52.00	675.62	727.62	35.22	644.78	680.00	33.37	618.17	651.54	18.46	11.82	30.28
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

2020-21: Total BE for the MCA is Rs. 727.62 crore which has been reduced to Rs.680.00 crore at RE stage. The actual expenditure was Rs. 651.54 crore (i.e. 95.81%). The amount surrendered was Rs. 30.28 core (i.e. 4.45 % of RE).

2021-22: Total BE for the MCA is Rs. 712.13 crore which has been reduced to Rs.659.75 crore at RE 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 RE).

2022-23: Total BE for the MCA is Rs. 733.02 crore which has been reduced to Rs. 630.36 crore at RE stage. The actual expenditure was Rs. 568.69 crore (i.e. 90.21% of the RE). The amount surrendered was Rs. 161.4746 crore including technical surrender of Rs. 102.66 crore and the actual surrender was Rs. 58.8146 crore.

2023-24: Total BE for the MCA is Rs. 756.19Crore which has been reduced to Rs.617.43 crore at RE stage and the expenditure as on 31.03.2024(i.e., end of financial year) is Rs.590.84 Crore (i.e. 95.69% of the RE).

BE, RE and actual expenditure during 2023-24 and BE 2024-25 are as follows:

(₹ in crore)

Year	Budget Estimates			Revised Estimates			Actual Expenditure (upto 05.08.2024)		
	Capital	Revenue	Total	Capital	Revenue	Total	Capital	Revenue	Total
2023-24	42.00	714.19	756.19	42.00	575.43	617.43	37.75	553.09	590.82 (95.69% of RE 2023-24)
2024-25	55.10	2611.96	2667.06	-	-	-	0.00	192.00	192.00 (7.19% of BE 2024-25)

6. For the FY 2024-25, BE of Rs. 2667.06 crore has been allocated.

7. The Ministry, in a written reply regarding the surrendered amount of Rs. 161.4746 crore in the FY 2022-23 stated that Rs. 102.66 crore was a technical surrender in view of the difference of BE 2022-23 (Rs. 733.02 crore) and RE 2022-23 (Rs. 630.36 crore). Besides this, the remaining surrender of Rs. 58.8146 Crore was the actual surrender which is 8.02 % of the BE 2022-23. Moreover, various bills expected from the vendors in the last month of the financial year 2022-23, could not be received which resulted in the increase of surrender in financial year 2022-23.

8. Programme-wise budget allocation and actuals during 2023-24 & BE 2024-25 are given below:

(₹ in crore)

S.No.	Budget Head	2023-24			2024-25
		BE	RE	Actual Exp. (31.03.24)	BE
1	Hqrs including PAOs	134.62	121.13	117.12	137.67
(i)	Minor Works (Infra)	9.00	6.00	5.20	7.00
(ii)	ORE (e-Gov.)	78.08	14.98	11.06	34.50

(iii)	ORE (IEPF)	20.00	20.00	20.00	25.00
	Sub-Total (Hqrs&PAOs)	241.70	162.11	153.38	204.17
2	RD	40.11	36.34	34.34	38.82
3	RoC	78.34	75.88	68.94	77.35
4	OL	28.99	25.99	22.84	26.99
5	SFIO	59.12	45.95	45.38	44.61
6	NCLT	105.58	97.38	99.93	99.08
7	NCLAT	49.25	47.35	43.98	41.96
8	IBBI	41.85	19.00	19.00	19.00
9	CCI	51.00	49.98	49.98	51.00
10	NFRA	43.20	38.50	35.24	44.00

9. Major programme-wise budget allocation and actuals during 2023-24 & BE 2024-25 are as under:

S.No.	Budget Head	2023-24			2024-25
		BE	RE	Actual Exp. (31.03.24)	BE
11	Special Courts	0.02	0.00	0.00	0.02
12	IEPF Authority	9.23	7.92	8.40	8.70
13	ICLS Academy	7.29	6.14	5.25	6.36
14	CDM	0.52	4.90	4.17	5.00
15	PMIS	0.00	0.00	0.00	2000.00
	Sub-Total – offices(2-15)	514.50	455.32	437.44	2462.89
	Total	756.19	617.43	590.82	2667.06

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

YEAR	BE	RE	Actuals	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 (Rs. 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	409.32	The funds allocated was for disbursement of funds to CPWD for payment towards construction of Corporate Bhawan, Kolkata however the funds 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	590.82	The Ministry of Corporate Affairs had a Budget Estimate of Rs. 756.19 crore, with revised allocations of Rs. 617.43 crore and actual expenditures of Rs. 590.82 crore. Around Rs. 47 crore could not be spent under the Revenue Head due to non fulfillment of contractual obligations by service providers for MCA21 operations. Additional savings resulted from the postponement of CSR Awards, delays in research activities, and unfilled positions in attached offices. Late bill submissions by vendors also contributed to the unutilized funds, highlighting areas for future compliance

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

(₹ in crore)				
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	0.57
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	1014.56
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	4250.10
TotalBE(A+B+C)	3250.18	2108.86	2916.08	2823.04
TotalRE(A+B+C)	1587.85	2678.06	2822.54	4895.02
TotalActual(A+B+C)	2125.46	2933.54	2917.98	5265.23
Overall % withreferencetoBE	65.40	139.11	100.07	186.51
Overall % withreferencetoRE	133.86	109.54	103.38	107.56

***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 bodies on Unspent balances.**

V. ISSUES RELATED TO MINISTRY OF CORPORATE AFFAIRS

A. Prime Minister's Internship Scheme (PMIS)

12. In the Budget for FY 2024-25, the Prime Minister's Internship Scheme for providing internship opportunities to 1 crore youth in 5 years was announced. The estimated expenditure for the 5 year period has been pegged at Rs. 63000 crore. A provision of Rs. 2,000 crore was kept in the Budget Estimate 2024-25 for implementation of the Pilot Project of the PM's Internship Scheme during the year. Keeping in view the requirement for the remaining part of the year a provision of Rs. 380 crore has been made in the Revised Estimates of FY 2024-25. The Expenditure Finance Committee (EFC) approved an amount of Rs. 840 crores to provide 1.25 lakh internship opportunities to the youth for a period of 12 months immersion in real-world business environments across diverse professions and career fields. Keeping in mind the volume and complex nature of the scheme, Pilot Project is a pivotal phase that allows for testing concepts, strategies and systems before a full-scale implementation. Based on the feedback received and evaluation of outcomes during the implementation of the Pilot Project, lessons drawn shall be collated by the Ministry. The same will be factored in while rolling out the next phase of the PM Internship Scheme, as announced in the Budget 2024-25.

Budget Estimates and estimates expenditure under PMIS in FY 2024-25

S. No.	Particulars	Estimated Expenditure	As approved in EFC	Budget Estimates
1	One -time Grant of Rs.6000 to 127000 candidates	76,20,00,000	75,00,00,000	18,00,00,00,000 (Equally distributed

2	Monthly assistance of Rs.13500 (4500*3) each to 127000 candidates	1,71,45,00,000	6,75,00,00,000	in "Grants in Aids" and "Scholarship" Heads)
3	Insurance payment of Rs. 456 (436+20) each to 127000 candidates	5,79,12,000	6,00,00,000	
4	Payment to Implementing Agency	50,00,00,000	50,00,00,000	70,00,00,000 (Under "Professional Services" Head)
5	Salary for external manpower for Project Monitoring Unit (PMU)	8,00,00,000	8,00,00,000	
6	Advertisement expenses/Media Partner/IEC Activities	50,00,00,000	10,00,00,000	60,00,00,000 (Under "Advertising and Publicity" Head)
7	Other administrative expenses like office space, renovation and furniture	17,80,88,000	15,25,00,000	700000000 (Under "Office Expenses" Head)
8	Common service centre	75,00,000	75,00,000	
	Total	3,80,00,00,000	8,40,00,00,000	2000,00,00,000

13. The main features of PM's internship Scheme Pilot Project, the Ministry furnished by the Ministry are given below:

- 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.
- Those completed apprenticeship, training under NATS or NAPS at any point.
- If the income of any of the family members of the candidate exceeds Rs 8 lakh for FY 2023-24.
- If any member of the family is a permanent/regular government employee.

14. According to the Ministry, the benefits that are provided under the scheme are as under:

- Industry Exposure: Opportunity to the interns to experience real-world business environments, which can be a significant boost to their career prospects.
- Financial Assistance:
 - Monthly assistance of Rs. 5000 will be paid to interns for entire period of 12 months- Government to pay Rs. 4500 per month per candidate, and company to pay Rs. 500 out of its CSR funds. Onetime financial assistance of Rs. 6000 to be paid by the Government.
- Insurance coverage:
 - Each intern shall be covered under Pradhan Mantri Jeevan Jyoti Bima Yojana and Pradhan Mantri Suraksha Bima Yojana Premium

amount shall be provided by the Government.

- PM Internship Portal: Companies to offer internship opportunities and candidates to register and apply through the online portal www.pminternship.mca.gov.in.
- Facilitation:
 - A multilingual tele helpline, reachable at 1800-116-090, has been set up. Companies and Candidates can register grievance and raise tickets in the portal.

15. Informing the Committee about the progress achieved so far under the scheme, the Ministry stated the following:

- Companies offered 1,27,046 Internship opportunities from 03.10.2024 to 17.10.2024.

10th	31500
12th	8826
Diploma	21222
Graduation	35050
ITI	30448

- Opportunities across
 - 25 Sectors
 - 36 States/ UTs
 - 745 districts
- PMIS Portal live for youth registration and profile creation from 12.10.2024 and to apply internship opportunity from 23.10.2024.

16. To ensure the active engagement of over 500 leading companies from diverse sectors, the Ministry outlined the following strategic initiatives in its response:

The top 500 companies have been identified by the Ministry of Corporate Affairs on the basis of their average CSR expenditure of the last three years. Apart from these, any other company/ bank/ financial institution desirous of participating in the Scheme, may do so with the approval of the Ministry of Corporate Affairs (MCA), which would take a view keeping in view under represented sectors and areas in the above mentioned 500 companies. The Federation of Indian Chambers of Commerce and Industry (FICCI) and the Confederation of Indian Industry (CII), as partner associations, are actively engaging with leading companies to encourage and enhance their participation in the Scheme across various sectors and trades.

17. The Ministry also furnished a detailed note on the Guidelines for the PM Internship Scheme – Pilot Project, as under:

- There shall be a Monitoring and Steering Committee (MSC) to oversee design, implementation, operations, and other aspects of the Scheme. The MSC will comprise of officers from MCA, other Ministries/ Departments and representatives from the industry. The MSC will be empowered to make recommendations including but not limited to any modifications in the guidelines, eligibility, selection criteria, communication and outreach strategy, monitoring, evaluation, etc of the Pilot Project. The Ministry may also constitute any other committee(s) for effective scheme implementation, review, and coordination.
- Further, a concurrent monitoring, evaluation and learning (MEL) framework shall be developed so that timely corrective actions may be taken. A dashboard indicating key performance indicators (KPIs), periodic data reports and performance scorecards shall be used to

regularly monitor and evaluate the end-to-end implementation across all fronts. Independent evaluation as well as periodic assessment/evaluation studies will be undertaken.

18. The Ministry, on being asked about the registration fee, completion certificate under PMIS, stated as follows:

The incident quoted above does not related to the PMIS. Adequate safeguards are provided in the Scheme to maintain transparency. The advertisement strategy under the PM Internship Scheme focuses on reaching rural populations and the lower-middle-class segments of urban areas. This has been done through print media advertisements in various regional languages, television commercials, and short promotional videos on YouTube. State governments have been involved to spread awareness about the Scheme amongst the youth. There is no application or registration fee associated with the scheme. Further, this is a portal driven scheme. The whole Scheme is implemented through PMIS portal(<https://pminternship.mca.gov.in>). The list of participating companies is available on the Portal; candidates register and apply online; short listing of candidates is also done through Portal. As per the Guidelines, companies can select from the shortlist as per their existing criteria and processes. The offer letters, internship documents and the final completion certificates will also be generated and provided through the Portal. Model templates of these documents are provided to companies, who can change it as per their specific requirements. This has been done to build in transparency and uniformity in the Scheme. A grievance redressal mechanism has also been provided in the above portal.

B. MCA21 e-Governance Project

19. MCA has been operating the end-to-end e-Governance project MCA21 for registry and company incorporation related services. The project is implemented in the offices of Registrar of Companies (RoCs), Regional Directors (RDs), MCA Headquarters (HQ), Official Liquidators (OLs) and Investor Education and

Protection Fund Authority(IEPFA).The MCA21 System provides the stakeholders convenient, easy to use and secured access and delivery of all MCA services and improved speed and certainty. It brought about transparency, quickness, and efficiency in the functioning of the Ministry. Realizing the need for providing excellent services to stakeholders, the Ministry has been continuously making efforts to introduce best practices in the online delivery of services. Sustained efforts have resulted in recognition of MCA21 as a successful Mission Mode Project of National e-Governance Plan (NeGP). The portal is regarded as a live model for transformation of traditional paper-based systems into a paperless system using the latest information technology. Consequently, hardware and application up-gradation with updated technology has already been completed at all offices of RoCs, RDs and at HQ.

20. MCA21 Version 3.0

MCA21 portal was launched in 2006 with the aim to digitize corporate filings and to improve compliance. The 2nd iteration of MCA21 Portal started from the year 2013 and continued till 2020. MCA21 Version 3.0 is now being launched in phases. MCA21 V3 Project is a technology-driven forward-looking project, envisioned to strengthen enforcement, promote Ease of Doing Business, enhance user experience, facilitate seamless integration and data exchange among Regulators. Aligned with the global best practices and aided by emerging technologies such as Artificial Intelligence and Machine Learning (AI/ML), MCA21 V3 is envisioned to transform the corporate regulatory environment in India.

21. Central Scrutiny Centre (CSC) was launched on March 24, 2021. CSC scrutinizes the Straight through Process (STP) forms to check for any deficiencies. Further, the defective forms are moved to the jurisdictional RoCs for marking them as 'defective'. This will improve the accuracy of the data filed with MCA and will act as a checkpoint for improper filing by the Corporates.

22. Centre for Processing Accelerated Corporate Exit (C-PACE) has been launched to facilitate and speed up voluntary winding-up of these companies from the currently required 2 years to less than 6 months. C-PACE has been operationalised and stationed in IICA, Manesar w.e.f May 1, 2023. A Central Processing Centre (CPC) has been established from February 16, 2024 to process forms filed as part of various regulatory requirements under CA-13 and LLP Act in a centralised manner, requiring no physical interaction with the stakeholders. As on March 31, 2024, 12 forms/applications are being processed at CPC.

23. The new eForms launched under MCA21 Version 3.0 have a number of technical and functional enhancement to improve the overall filing experience. The changes undertaken in eForms on the new V3 portal are as under:

- a) All eForms filings under MCA21 Version 3.0 are web based allowing for real time validation and prefilling of information.
- b) Wherever possible, requirement of attachment has been done away with and if required, the information is either captured in machine readable format or through declaration in the eForm.
- c) Auto Pre-filling of common fields across forms, ensuring data consistency and effort reduction have been introduced.
- d) Maximum size of individual attachments increased to 2 MB and overall form size increased to 10 MB from 6 MB.
- e) NIC Code 2008 has been introduced to capture industrial classification for newly incorporated entities. Earlier, NIC 2004 classification was used in the MCA21 Version 2.

Additionally, User Registration and Login have been made robust. Email ID and Mobile One Time Password (OTP) validation has been introduced. Only Business users are allowed to file eForms in MCA21 Version 3.0 ensuring identity and transparency from filers.

24. The operational statistics of MCA21:

Filing Status from 01.01.2023 to 31.03.2024

Sl. No.	Description	01.01.2023 to 31.03.2024
(1)	(2)	(3)
1.	Total filings through system	95,66,352
2.	Maximum No. of documents filed on a day	1,43,914(October 28, 2023)
3.	No. of companies registered online	2,13,310
4.	Total DIN issued	5,49,329
5.	Company records viewed online	65,51,995
6.	No. of balance sheets filed	14,09,927
7.	No. of annual returns filed	13,24,992
8.	Total e-stamp fee collected (₹ in crore)	329.14
9.	No. of Nodal officers registered with Digital Signature Certificate (DSC)	101
10.	No. of authorized bankers and professionals registered with DSC (as on March 31, 2024)	12,21,489
11.	No. of registered users on the portal (as on March 31, 2024)	37,67,387

25. According to the Ministry there has been a significant improvement in the turnaround time for the delivery of services in MCA21 project as given below in

Efficiency in Service Delivery under MCA21 Service Metrics

Type of Service	Prior to MCA21	After MCA21	After CRC (Average Days)
(1)	(2)	(3)	(4)
Name Approval	7 days	1-2 days	0.3 days
Company Incorporation	15 days	1-3 days	0.6 days
Change of Name	15 days	3 days	3 days
Charge Creation/Modification	10-15 days	Instantaneous	Instantaneous
Certified Copy	10 days	2 days	2 days

26. In response to concerns about fund underutilization due to slow services on the MCA Portal, the Ministry stated the following:

The Ministry of Corporate Affairs (MCA) has engaged M/s LTIM as the service provider for the development, maintenance, and enhancement of the MCA21 v3 portal. Payments to LTIM are linked to the achievement of specified milestones, ensuring alignment with project progress. System performance, including capacity planning, is governed by a comprehensive set of Service Level Agreements (SLAs) aimed at maintaining optimal efficiency. These SLAs are monitored continuously, with corrective actions requested, as necessary. Due to delays in delivery from the service provider and other factors such as Covid etc., at start of the project, the project timelines have been impacted, and corresponding payments have been impacted until the agreed deliverables are achieved.

27. The Committee desired to know about the plans to upgrade the MCA Portal to enhance efficiency and user experience for companies, in response the Ministry provided the following statement:

To address specific complaints about slow service, recent technical and architectural improvements have been implemented on the MCA portal. There is a ticketing system enabling users to report specific issues, which are then monitored to address areas for improvement. Continuous performance monitoring remains a priority, and the Ministry is committed to upholding service quality through regular assessments and proactive vendor management.

28. Further on the question concerning the plans to develop a desktop application for MCA21 to simplify access and reduce delays compared to using the website, the Ministry stated as under:

The MCA21 v3 portal has been designed with a focus on simplifying compliance and improving the ease of doing business, while ensuring data consistency, a single source of truth, and robust data security. This architecture supports streamlined processes and comprehensive data

management, which are essential for the portal's objectives. Features such as pre-filled forms and 'Straight through Processing' (STP) have been introduced to reduce the burden on users, and these improvements have received positive feedback from corporate stakeholders. Additionally, the Government is actively working on providing offline utilities for Annual Filing forms, which will be released soon. This will allow users to complete specific tasks offline, adding flexibility to the process. Improving system efficiency and enhancing user experience are continuous priorities.

In so far as developing an application for MCA-21 is concerned, it is submitted that a chatbot and an MCA app is available on both Android and IOS platforms with limited functionalities.

C. Serious Fraud Investigation Office (SFIO)

29. SFIO 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.

30. Funds allocated under Serious Fraud Investigation Office (SFIO)

(₹ in crore)

Year	BE	RE	Actuals
2020-21	23.05	27.14	27.80
2021-22	29.23	36.13	37.01
2022-23	40.14	40.99	30.00*
2023-24	54.92	44.74	44.45
2024-25	43.01	55.42 (Projected)	*21.54

*The actual expenditure under revenue head for FY 2024-25 is Rs. 21.54 Crores as on 01.10.2024.

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	4.07 (Projected)	# 1.4

The actual expenditure under capital head for FY 2024-25 is Rs. 1.4 Crores as on 01.10.2024.

Total funds allocated to SFIO (Revenue plus Capital)

(₹ in crore)

Year	BE	RE	Actuals
2023-24	59.12	45.94	45.65
2024-25	44.84	59.49 (Projected)	*22.94

*The actual expenditure for FY 2024-25 is Rs. 22.94 Crores as on 01.10.2024.

31. Explaining the reasons for the downward revision of allocation in 2023-24 and the decrease in the BE from Rs. 59.12 crore in 2023-24 to Rs. 44.84 crore in 2024-25, the Ministry in a written reply stated as under:

Actual expenditure for FY 2023-24 was Rs. 44.45 Crores out of Rs. 44.74 Crore (RE Figures) i.e. 99.35% for revenue budget and Rs. 1.2 Crores out of Rs. 1.2 crore for capital expenditure i.e. 100%. SFIO had raised a demand of Rs. 54.92 crore for RE 2023-24 and Rs.63.71 crore for BE 2024-25, as per their requirement. However, as a general reduction in RE 2023-24 and BE 2024-25, in respect of the Ministry of Corporate Affairs, there was a commensurate reduction in the allocations of SFIO also.

32. On the details of cases taken up in SFIO, the Ministry in a written reply

stated as under:

Cases taken up in SFIO in last 3 years

Year	No of Cases
2021-22	14
2022-23	7
2023-24	5
2024-25 (as on 10.10.24)	10

Case submitted by SFIO in last 3 years

Year	No of Main Cases	No of Other Cases	Total
2021-22	13	-	13
2022-23	19	10	29
2023-24	18	22	40
2024-25 (as on 9.10.24)	6	3	9

Pendency Year Wise

Year	Pending Cases
2021-22	94
2022-23	95
2023-24	83
2024-25 (as on 10.10.2024)	74

Details of complaints filed since inception of SFIO is as under:

(as on 30.09.2024)

No. of complaints filed	No. of complaints disposed	No. of complaints conviction secured out of disposed of cases
1251	511	374*

**Including 28 convictions in ongoing cases. Conviction includes compounding and fine.*

33. The Committee sought to know the justification for the prevailing more than 60% pendency of cases, in a written reply the Ministry stated as follows:

Since its inception SFIO has filed the 1251 complaints before the Courts, out of which 511 have been disposed of. Once the complaint is filed before the Hon'ble Court, all further proceedings fall within the purview of the judiciary. Normally, the cases filled by SFIO are very voluminous. It also requires examination and cross examination of number of witnesses.

34. In response to the query on the average time for final disposal and the average age of pending complaints in SFIO, the Ministry stated as under:

I. The details of average time taken for final disposal is as below:

Description	No. of complaints filed till 30.09.2024	No of complaints Disposed off till date 30.09.2024	Conviction secured out of disposed of cases till date 30.09.2024	Approx. Time taken
Under Companies Act, 2013	87	2	1	34 Months
Under Companies Act, 1956	1164	509	373	67.4 Months
Total	1251	511	374	67.3 Months

II. Details of average age of pending Cases is as under:

No. of pending complaints till date 30.09.2024	Average age of pending complaints (approx.)
Filed under Companies Act 2013	31 Months
Filed under Companies Act, 1956 &Ors.	184 Months

35. Highlighting the number of bank frauds identified by the SFIO, the Ministry stated as follows:

The details of bank frauds which have been dealt/identified are as under: -

Year	Investigations completed during the year
2022	09
2023	05
2024 (till date)	12

36. On being queried on the status of staffing in SFIO, the Ministry in a written reply apprised as under :

As may be seen by the improvement in disposal of the cases by the SFIO during last 2 years vis-à-vis earlier performance, the same may be attributed to the increase in manpower at SFIO during the last 2 years. Here it is pertinent to mention that there were only 92 officers working as on 01.04.2022 against the sanctioned strength of 238, which has been increased to 122 as on date, due to continuous efforts to fill up the vacant posts. In order to further improve upon the efficiency of SFIO, process to fill-up the vacant posts is ongoing. Accordingly, during the current financial year 07 officers have already been recruited through direct recruitment through UPSC/ SSC and 18 officers have been appointed on deputation basis. Furthermore, currently SFIO is in process to fill-up 43 vacancies on deputation and 27 officers through direct recruitment through UPSC during the current financial year.

37. The Ministry, in their presentation, outlined the following steps taken to improve the performance of SFIO:

- Peer Review of Investigation Reports
- Upgradation of Computer Forensic Data Mining Lab (CFDML) & improvement in technology. This will strengthen extraction of digital evidences.
- Upgradation of Summon & Notice Management System (SNMS) Portal for better monitoring & supervision

- Constitution of Standing Committee for up-dation of Investigation Manual
- Creation of panel of CA firms for engagement during investigation process
- Creation of panel of counsels for prosecution cases

Nature	Total strength	Filled up	Vacant	Remarks
FIO cadre posts	95	48	47	UPSC has finalized recruitment of 26 candidates, who are expected to join shortly. For 4 posts, requisition has been sent to SSC. The filling up of the remaining posts are in process
Encadared Posts	16	12	4	Matter is being taken up for filing up 4 posts with concerned department.
Deputation Posts	127	62	65	5 persons selected and are expected to join shortly Advertisement has been issued for 43 posts.
Total	238	122	116	

D. Insolvency and Bankruptcy Code (IBC)

38. A Bankruptcy Law Reforms Committee (BLRC) was constituted to study the legal framework for corporate bankruptcy in India and based on its recommendations with slight modifications as suggested by Joint Parliamentary Committee in its April 2016 Report. The Code came into being on May 28, 2016.

The Code 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) personal guarantors to corporate debtors, partnership firms and proprietorship firms and individuals other than personal guarantors to corporate debtors. The provisions relating to Insolvency Resolution and Liquidation of Corporates and the Personal Guarantors to corporate debtors have been notified till date.

39. The Code has created a cohesive and comprehensive ecosystem since its enactment in 2016, which cements the processes and the service providers together towards the achievement of its objectives in a time bound manner. The four pillars of the Code are as follows:

1. 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.

2. 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.

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

4. 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.

IBBI has established a comprehensive regulatory framework, including a detailed Code of Conduct, to govern the behaviour and practices of insolvency professionals. The key regulations framed for this oversight mechanism are outlined below:

- (a) IBBI (Insolvency Professionals) Regulations, 2016
- (b) IBBI (Grievance and Complaint Handling Procedure) Regulations, 2017
- (c) IBBI (Inspection and Investigation) Regulations, 2017

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

(₹ in crore)			
Year	BE	RE	Actuals
2021-22	39.00	28.00	26.00
2022-23	58.02	32.06	24.65
2023-24	41.85	19.00	40.36
2024-25	19.00		

41. Regarding the reasons for downward revision of funds in 2023-24, and further drastic reduction in 2024-25, the Ministry in a written reply submitted that IBBI was allocated an amount of Rs. 41.85 crores under Budget Estimates for FY 2023-24. However, the total expenditure of IBBI during the FY 2023-24 was Rs. 40.36 crore. IBBI was able to meet Rs. 21.36 crore (52.92 %) from its internal resources and therefore grants of only Rs. 19 crore (47.08 %) were needed. Hence the R.E. for the FY 2023-24 was reduced accordingly. The BE for FY 2024-25 for IBBI was accordingly proposed at Rs. 19 crore.

42. Complaints on Insolvency Professionals (IPs) received by IBBI:

SI. No.	Particular	As on 30th June 2024
1	Complaint Received	7969
2	Complaint Disposed	7764
3	IP Registration Cancelled After Action	11
4	IP Registration Suspended After Action	74
5	Monetary penalties imposed	42

43. As regards the issue of growing number of complaints against Insolvency Professionals, the Ministry in a written reply stated as under:

Code of Conduct for IPs

The need for a professional code of conduct for the Insolvency Professionals (which includes Resolution Professionals) is well recognized and implemented under the Insolvency and Bankruptcy Code, 2016. Insolvency Professionals are required to abide by the code of conduct as specified in the First Schedule to the IBBI (Insolvency Professionals) Regulations, 2016.

Efforts to Improve Performance of IPs

The IBBI as apex regulator and IPAs being the front-line regulator of IPs are entrusted to promote and develop the profession. Several measures are being undertaken to improve the performance of IPs. IBBI and IPAs, independently as well in consultation have been issuing communications facilitating conduct of process by an IP, issuing best practices on recurrent complex issues and releasing publications for guidance of the IPs and other stakeholders. The IPAs are also including case studies of large cases in their pre-registration education course and CPE programmes. Additionally, several capacity building programmes for IPs are being conducted.

44. In reply to the query regarding the 6,670 complaints filed against Resolution Professionals (RPs), how these complaints are being addressed, and whether they

suggest frivolous claims or routine decision-making, the Ministry offered the following response:

Complaints received in the Board are dealt as per IBBI (Grievance and Complaint Handling Procedure) Regulations, 2017. Each complaint is carefully examined, and depending on the findings, may result in closure, issuance of an advisory, a Show Cause Notice (SCN), or further investigation. To date, the IBBI has issued 107 advisories and 288 SCNs to IPs found to have engaged in lapses or misconduct. When an SCN is issued, the IP is prevented from undertaking any new assignments until the SCN is disposed of by the Disciplinary Committee as per provisions of the Code. This suspension serves as an interim measure to uphold the integrity of the insolvency process and ensures that only qualified, compliant professionals are actively engaged in cases.

The SCNs are ultimately dealt and disposed of by the Disciplinary Committees of the IBBI. The disciplinary committee assesses the allegations and if an IP is found to have contravened the provisions of the Code or Regulations made there under, it can impose penalties, which may include suspension or cancellation of the IP's registration, along with other disciplinary actions.

The Disciplinary Committee operates as a quasi-judicial body, ensuring a fair process that upholds the principles of natural justice. This due process includes careful evaluation of evidence, allowing the IP an opportunity to present their defence. Orders of the Disciplinary Committee can be challenged before higher judicial forums, ensuring transparency and accountability in the disciplinary proceedings. While some complaints may be frivolous, incorrectly directed to the IBBI, or beyond its jurisdiction, those with legitimate concerns are resolved through a robust and transparent process.

45. In response to the question regarding safeguards against corruption in the Resolution Professionals (RPs) approval process, given the limited role of NCLT after Committee of Creditors approval, the Ministry stated as follows:

The Code provides robust mechanisms for oversight and accountability of RPs through a multi-layered framework. Under Section 22(2) of the Code, the Committee of Creditors (CoC) has the power to replace the RP at any time during the CIRP by a vote of sixty-six percent of voting shares. This serves as an immediate check against any impropriety. Additionally, Section 27 empowers the Adjudicating Authority to change the RP based on a referral from the CoC if it has reason to believe that the RP was appointed in violation of the Code or IBBI regulations. The AA being the appointing authority of the RP, has the power to change him based on its judicial wisdom. The Code mandates high standards of conduct for RPs, governed by a detailed Code of Conduct under the IBBI (Insolvency Professionals) Regulations, 2016. The IBBI, in its role as the regulator, conducts regular inspections and disciplinary proceedings to ensure RPs adhere to these standards and avoid any conflicts or actions compromising the resolution process. In instances where IPs fail to meet these standards, the IBBI has taken strict actions, including imposing penalties, suspension, or even cancellation of registration.

46. On the question regarding the impact of inordinate delays at NCLT, where an approved resolution plan is pending for years and more money is paid to the RP than the resolution amount, the ministry stated as follows:

The threshold for initiation of CIRP is notified to be at Rs. 1 crore under Section 4, ensuring judicious use of the resolution mechanism. Section 28 empowers the Committee of Creditors to approve all costs relating to CIRP, providing necessary oversight. Regulation 34B of IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016 prescribes the manner of determination of fees payable to resolution professionals, with minimum fees regulations applicable only until plan submission. To address delays, the Code mandates under Section 12 that the CIRP shall be completed within 330 days from the insolvency commencement date. An Integrated Technology Platform is being set up for improving the outcomes under the Insolvency and Bankruptcy Code (IBC)

for achieving consistency, transparency, timely processing and better oversight for all stakeholders. This will streamline the processes and reduce delays.

47. On the query of addressing delays in cases due to promoter involvement and whether the forensic auditing is being used to prevent fraud, particularly in high-value cases, the Ministry stated as under:

The Code provides avoidance and fraudulent transaction framework through Sections 43-51, Sections 66 and 67, by which the losses caused to corporate debtor through these transactions by the ex-management is brought back to the corporate debtor. As per section 25(2)(j), the Resolution Professional is duty-bound to file applications for avoidance transactions.

The provisions on avoidable transactions in the Code provide certain look-back periods. The threshold for such look-back periods is the date of commencement of the CIRP, i.e., the date of admission of a CIRP application. The admission or rejection of an application generally takes longer than the 14-day time limit provided in the Code. Given this, the look-back period for avoidable transactions may not be able to capture a significant portion of transactions that occurred before the filing of a CIRP application. Thus, it is felt that the threshold for the look-back period for avoidable transactions may be altered so that a longer net can be cast to effectively capture pre-filing transactions.

Accordingly, Ministry of Corporate Affairs, through its notice dated December 23, 2021, has proposed amendments to the look-back period as defined under IBC.

48. The committee further enquired regarding the Ministry's efforts to adhere to the 180-day timeline and improve overall compliance within the IBC, the Ministry stated as follows:

The government is adopting a multi-pronged approach to reduce the delays including amendments in the Code along with subordinate legislations to reduce the delays, establishment of an integrated portal

under the Insolvency & Bankruptcy Code (IBC) for achieving transparency, consistency, timely settlement and better oversight of all resolution cases.

In order to align the process with the timelines laid down in the code and with a view to ensure timely resolutions and maximise value, it is proposed to have separate rules for NCLT for its role as the Adjudicating Authority under IBC. It is also proposed to increase the number of courts in both NCLT and NCLAT to reduce the delays. The IBBI has also taken proactive measures to enhance the efficiency of the Corporate Insolvency Resolution Process and Liquidation process. During the financial year 2022-23, and 2023-24, a total of 21 and 12 amendments respectively, to various regulations and model bye laws were carried out thereby totalling to 98 amendments since 2016.

49. Addressing the query regarding the factors contributing to delays in insolvency resolutions, with 80% exceeding 180 days and 67% beyond 270 days, and how these figures compare globally, as well as the measures being taken to improve the process, the Ministry stated as follows:

- Key factors contributing to the delays are as under:

Excessive litigation being filed by ex-management, Operational creditors and dissatisfied Stakeholders: In every case before NCLT, several interlocutory applications are being filed by stakeholders. These proceedings take up a substantial time of the AA, which can be utilised for other matters, resulting in delays in the conduct of insolvency resolution processes under the Code.

- Ascertaining of the Default by Adjudicating Authority
- Delays during the Admission Process of the CIRP Application

India's performance vis-à-vis other jurisdictions

In the World Bank's Doing Business Report 2020 (DBR), India's ranking in the 'Resolving Insolvency' indicator jumped 56 places to 52 in DBR 2020 from 108 in DBR 2019. As per the DBR 2020, India is by far the best performer in South Asia on the resolving insolvency component and does

better than the average for OECD high-income economies. The details have been compiled from the Doing Business database.

(<https://archive.doingbusiness.org/en/data/exploretopics/resolving-insolvency>)

Table: India's performance vis-à-vis other jurisdictions.

Economy	India	South Asia	OECD High Income	US	Japan	UK	Brazil	Russia	China	South Africa
Resolving Insolvency rank	52	104	28	2	3	14	77	57	51	68
Resolving Insolvency score (0-100)	62	40.8	74.9	90.5	90.2	80.3	50.4	59.1	62.1	54.6
Recovery rate (cents on the dollar)	71.6	38.1	70.2	81	92.1	85.4	18.2	43.0	36.9	34.7
Time (years)	1.6	2.2	1.7	1	0.6	1	4.0	2.0	1.7	2.0
Cost(%of estate)	9	9.9	9.3	10	4.2	6	12.0	9.0	22.0	18.0
StrengthofInsolvency Framework Index(0-16)	7.5	6.5	11.9	15	13	11	13	11.5	13.5	11.5

50. In response to the question regarding delays in CIRP, with over 55% of liquidation cases exceeding two years, and the steps being taken to ease the burden on NCLT Benches, the Ministry provided the following in a written reply:

The main reasons for the delays in the CIRP process are:

- (a) Excessive litigation being filed by ex-management,
- (b) Operational creditors and dissatisfied Stakeholders: In every case before NCLT, several interlocutory applications are being filed by stakeholders. These proceedings take up a substantial time of the AA, which can be utilised for other matters, resulting in delays in the conduct of insolvency resolution processes under the Code.

- (c) Ascertaining of the Default by Adjudicating Authority
- (d) Delays during the Admission Process of the Application.

Status of closure of CIRP cases- Jun' 24

Till September 24, 1,068 cases have yielded resolution plans. These cases took an average of 698 days in the pronouncement of the resolution order. However, around 39% of the CIRPs yielding resolution plans were earlier with BIFR and/or defunct. The existence of legacy cases has resulted in a higher average time. The new cases which yielded resolution plans, take on average less time for completion. Out of the cases that commenced during FY22-23 and FY23-24, 175 cases were closed and the same took an average of 453 days. Till September 24, under the Code, 3,409 Corporate Debtors (CDs) have been successfully rescued. This includes 1,068 resolved cases yielding realizable value of over Rs. 3.55 lakh crores which works out to be around 161% against liquidation value. In addition, the Code has brought about behavioural change among debtors which has been instrumental for 28,818 CIRP applications, involving Rs. 10.22 lakh crore, being withdrawn pre-admission (as per NCLT data)

The Economic Survey for the FY 2023-24 mentions that IBC is a dominant recovery route for Scheduled Commercial Banks (SCBs). As per the RBI's Report on Trends and Progress of Banking in India, 2022-23, the IBC held a share of 43 per cent of the total amount recovered by SCBs in FY23. In the six years since FY18, the IBC has enabled over ₹3 lakh crore recovery for the SCBs, more than what they have recovered through the Lok Adalats, DRTs, and the SARFAESI Act. This is reflected in the Table below.

Recovery Channel	2021-22				2022-23(P)			
	No. of cases referred	Amount involved	Amount recovered*	Col. (4) as per cent of Col. (3)	No. of cases referred	Amount involved	Amount recovered*	Col. (8) as per cent of Col. (7)
1	2	3	4	5	6	7	8	9

Lok Adalats	85,06,741	1,19,006	2,778	2.3	1,42,49,462	1,88,527	3,831	2.0
DRTs	30,651	68,956	12,035	17.5	58,073	4,02,636	36,924	9.2
SARFAESI Act	2,49,645	1,21,718	27,349	22.5	1,85,397	1,11,805	30,864	27.6
<u>IBC@#</u>	891	1,97,959	47,409	23.9	1,261	1,33,930	53,968	40.3
Total	87,87,928	5,07,639	89,571	17.6	1,44,94,193	8,36,898	1,25,587	15.0

Notes:1. P: Provisional.

*: Refers to the amount recovered during the given year, which could be with reference to the cases referred during the given year as well as during the earlier years.

DRTs: Debt Recovery Tribunals.

@:Data in column no.2 and 6 are the cases admitted by National Company Law Tribunals (NCLTs) under IBC.

#:Data in column no.3, 4 and 5 are with respect to 121 cases, and in column no.7, 8 and 9 are with respect to 143 cases, wherein resolution plans were approved during 2020-21 and 2021-22, respectively.

Source:Of-site returns, RBI and Insolvency and Bankruptcy Board of India (IBBI)

Status of closure of liquidation cases till September 2024 - 1113 liquidation processes were closed by submission of the final report and took an average of 624 days for closure. However, around 78% of the CIRP ending in liquidation were earlier with BIFR and/or defunct. The existence of legacy cases has resulted in a higher average closure time. The new cases which come under the liquidation process, take on average less time for completion. Out of the cases that commenced during FY 22-23 and FY 23-24, 220 cases were closed and the same took an average of 266 days.

51. The committee during the evidence expressed concern over the fact that, as of March 2024, only 28% of the 7,567 CIRPs initiated under the IBC have resulted in successful resolution plans, while 72% have ended in liquidation. The average resolution time of 716 days has led to a significant erosion of asset value, with the liquidation value as a percentage of the claim standing at only 6.3%. On being enquired as to how the Ministry proposes to address the issue of prolonged delays and declining asset recovery. In response, the Ministry stated that Suitable amendments to the Code and Rules are being considered to discourage frivolous/vexatious litigations.

52. In response to the question on the haircut in the resolution of over 1,000 companies under IBC, resulting in a recovery of Rs. 3.3 lakh crore, the Ministry stated as follows:

1068 CIRPs have yielded Resolution plans as on 30th September, 2024. In the cases the creditors have realised ₹3.55 lakh crore under the resolution plans. In these cases, the realisation by creditors as against their admitted claims, fair value and liquidation value is 31.04%, 86.13% and 161.11%, respectively. Additionally, this recovery figure excludes CIRP costs and potential future recoveries, such as equity, proceeds from corporate and personal guarantees, funds infused by resolution applicants, including capital expenditures, and recoveries from avoidance applications. Moreover, the claim amount typically includes written-off NPAs, accumulated interest, and overlapping guarantees, which may inflate the apparent haircut. Further, around 39% of the CIRPs yielding resolution plans were earlier with BIFR and/or defunct. The existence of legacy cases has resulted in a lower recovery.

53. When the Committee sought to know on the issue of IBC becoming a parallel debt recovery tool instead of focusing on resolution, in a written reply the Ministry stated as follows:

“The Insolvency and Bankruptcy Code, 2016, under Section 12A, allows for the withdrawal of CIRP if approved by at least 90% of the voting share of Committee of Creditors [CoC]. As on 30th September 2024, 1120 cases have been withdrawn under section 12A of the Code. Of these, 784 (70%) cases were initiated under section 9 of the Code i.e. upon the applications filed by the Operational Creditors. Moreover, of the 29,129 applications that have been withdrawn prior to admission, 21,466 (74%) applications were filed under section 9 of the Code. Thus, it may be construed that some Operational Creditors are using IBC as a settlement mechanism. This is being addressed through amendments proposed..

54. In response to the question on how GST and income tax can be considered secured creditors and the impact of the recent Supreme Court judgment on the purpose of the IBC Act, the Ministry stated as follows:

The Insolvency and Bankruptcy Code, 2016 has provided lower priority to Government dues. However, the Hon'ble SC in the Rainbow Papers case has ruled that Government dues, if secured, will get priority at par with other secured creditors. To resolve this a suitable amendment is under consideration.

55. In response to the question regarding Supreme Court's concerns shown in the Finolex Cables case about the appointment of bureaucrats to quasi-judicial tribunals and the need to safeguard these bodies from executive interference, the ministry stated as follows:

The selection process for the posts of Members of NCLT is clearly laid down in the Companies Act, 2013, as outlined in Chapter 27. Similarly, the selection process for the posts of Members of NCLAT is laid down in the framework outlined in Section 3 of Tribunal Reforms Act, 2021 read with Section 3 (11) of Tribunal (Conditions of Service) Rules, 2021...

56. In response to the question on the data regarding successful implementation of resolution plans, company revival, and promoter changes under IBC, the Ministry stated as follows:

A study was conducted by IIM Ahmedabad (IIM-A) in 2023 on "Effectiveness of Resolution Process: Firm outcomes in the post-IBC period". The study by IIM Ahmedabad finds that the IBC framework has yielded, for the resolved firms (i) 76% increase in average sales, (ii) 50% increase in average employee expenses which could be attributed to increased employment generation, (iii) 50% increase in average total assets, (iv) 130% increase in CAPEX, (v) threefold increase in market valuation of resolved firms (from ₹ 2 lakh crore to ₹ 6 lakh crore), and (vi) improvement in liquidity of the resolved firms by about 80%.

E. Investor Education and Protection Fund (IEPF) Authority

57. Investor Education and Protection Fund (IEPF) was set up under Section 125 of the CA-13 with the objective of promoting investor education, awareness, protection and to make refund of claim to the investors. The fund is maintained under the Consolidated Fund of India. As per Section 124(6) of the Act, all shares in respect of which dividend has not been paid or claimed for seven consecutive years or more shall be transferred by the company in the name of Investor Education and Protection Fund. For administration of the Fund, in accordance with the provision of Section 125(5) of the Act, the Government of India has established IEPFA which became functional on September 7, 2016. The IEPFA has been entrusted with the responsibility to make refunds of amounts like unclaimed dividends, matured deposits, matured debentures and shares transferred to it and to promote investor education, awareness, and protection.

58. Allocation of funds under IEPF Authority

Year	BE	RE	(₹ in crore)
			Actuals
2021-22	5.13	6.47	6.29
2022-23	7.04	9.04	5.85*
2023-24	9.13	7.81	8.17
2024-25	7.70	-	4.24*

*as on 30.09.24

59. On the reasons for upward revision of allocation of funds in 2022-23, the Ministry in a written reply stated that the actual expenditure in 2023-24 is ₹8.17 crore. They further stated that It was anticipated that the vacant posts would be filled and due to which upward revision of allocation in BE 2023-24 was made. However, out of ₹9.13 crore in BE 2023-24, actual expenditure was ₹8.17 crore. Due to non-filling up of vacant posts during the financial year 2023-24 the allocated fund had not been utilized full. In so far decrease in BE allocation for 2024-25 is concerned, as against a requirement of ₹11.11 crore in BE 2024-25, only ₹7.70 crore was allocated. This was because of the general reduction in the overall

budget of the Ministry of Corporate Affairs by the Ministry of Finance. Hence an amount of ₹11.07 crore is being sought in RE 2024-25.

60. Details of the claims filed, approved, rejected and pending for settlement are as under:

S. No.	Particulars	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
1	No. of applications (e-form IEPF 5) filed on MCA -21 System	19,188	16,182	14,032	28,647	37,920	55,032	29,290
2	No. of applications for which verification report received in the Authority	8,255	15,675	10,702	23,083	31,469	49,136	24,373
3	No. of applications settled	1,037	7,689	14,219	25,021	45,584	47,878	8,703
	Approved	712	6,989	7,262	10,472	10,967	16,994	2,318
	Rejected	325	700	6,957	14,549	34,617	30,884	6,385
4	Shares transferred by IEPFA	5,00,771	58,36,738	37,72,666	61,21,291	76,53,878	1,10,42,765	24,64,624

Data in respect of FY 2024-25 is upto 30.09.2024

61. In response to the question on the Ministry's new initiatives for modernizing IEPFA and the mechanisms in place to address related challenges, the Ministry stated as follows:

IEPF Authority has deployed a new five digit short code 14453 which has been made functional from September 2024. Similarly new ticket based grievance resolution system has been started on MCA 21 version 3 from August 2024. Both the systems are under stabilization. Feedback from the stakeholders is being collected for further improvement and upgradation. The Authority has only one office situated in Delhi, therefore as a doorstep governance initiative, it was planned to hold outreach initiative in

major centres under NiveshakSunwai to facilitate investors. Two Sunwais have been held till date at, Mumbai on 12th August 2024 and Ahmedabad on 23rd August 2024. NiveshakSunwai at other major centres viz. Chennai, Bangalore, Kolkata etc. are being planned in subsequent months. IEPF Authority had invited comments from stakeholders on IEPF refund process through two consultation papers on 9th January 2023 and 14th March 2024.

It was suggested that the process of claim and refund will be done based upon the verification of respective companies. The Authority shall, based upon the approval of the company refund the shares and the amount, as the case may be, to the respective company for further refunding it to the rightful claimant. However, based upon the stakeholder feedback, it has been decided to review and revamp the current processes and enable automation and integration in the various IT systems for faster turnaround.

62. In response to the question on whether the Ministry has considered gathering additional data—such as average refund times, common claim types, investor demographics, or feedback—to improve investor support, the Ministry stated as follows:

At present, Date of Birth is being gathered through the claim form IEPF-5. Claim filed by claimant age 75 years and above, are being auto prioritized for disposal. It is being proposed to gather the additional data such as type of claims, valuation of claims etc. and necessary changes in claim form IEPF-5 is under consideration of the Ministry. The process of refund is sub-divided into approval process on MCA 21, share transfer on NSDL/CDSL system and amount transfer through PFMS. As the three system are not integrated and involve physical processing, the time taken for refund is not determinate.

63. Regarding the efforts made to increase manpower as well as increase widespread awareness among investors in IEPF Authority, the Ministry in a written

reply stated as under:

Present Status of Sanction Strength, Working Strength and Vacant Post:

	<i>Total Sanction Strength</i>	<i>Encadared Posts</i>	<i>Through Deputation</i>
<i>Sanction Strength</i>	<i>29</i>	<i>09</i>	<i>20</i>
<i>Filled up post</i>	<i>14</i>	<i>06</i>	<i>08</i>
<i>Vacancies</i>	<i>15</i>	<i>03</i>	<i>12</i>

On loan basis: 02 ICLS officers (1-DD & 1-AD) are posted.

Process for filling up the vacancies is underway.

Awareness among investors:

IEPFA holds regular awareness programs in collaboration with ICSI, ICAI and other agencies. Till date more than 85000 awareness programs have been held to promote financial literacy amongst all strata of the society.

64. As regards the integrated IT portal to be established under IEPF Authority as announced by the Finance Minister in the Budget Speech, the Ministry in a written reply provided the following details:

The development of portal has been taken up and is under implementation. A search module to enable investors to search shares and amount transferred by companies to IEPF has been developed and deployed. The new forms under IEPF rules have been notified and deployed under MCA 21. Number of forms required to be filed by companies have been reduced from 5 to 3 and transfer to IEPF fund has been linked directly to Bharatkosh. The rules, processes and procedure for claim refund from IEPF has been reviewed and various relaxations have been provided such as relaxation of filing of FIR for loss of physical share certificate till share worth market value of Rs 5 lacs, waiver of sureties in cases of loss, acceptance of legal heir certificate in lieu of succession certificate/probate of will etc. Integration of claim system with depositories (NSDL/CDSL) and PFMS is being undertaken through MCA21 IT System.

65. With regard to the no. of shares refunded by the IEPF to investors over the past three years, the Ministry furnished following data:

Year	2021-22	2022-23	2023-24	2024-25 (till 31.10.2024)
Shares transferred by IEPFA	61,21,291	76,53,878	1,10,42,765	29,46,706

66. In response to the question on IEPF performance benchmarking globally to strengthen investor education and protection, the Ministry stated that IEPFA has not carried out any such evaluation.

F. National Company Law Tribunal (NCLT)

67. The constitution of National Company Law Tribunal (NCLT) and National Company Law Appellate Tribunal (NCLAT) have been notified on 1st June 2016. These bodies have been constituted for faster resolution of corporate disputes and reducing the multiplicity of agencies thereby promoting 'ease of doing business' in the country. With the constitution of NCLT, the Company Law Board (CLB) stands dissolved and cases pending with CLB were transferred to NCLT. The Competition Appellate Tribunal (COMPAT) has also ceased to exist and the appellate function under the Competition Act, 2002 is now conferred to the NCLAT.

68. Allocation and utilization of funds under NCLT

Year	BE	RE	Actuals
2019-20	52.15	60.53	63.34
2020-21	69.13	78.92	77.23
2021-22	84.01	83.24	81.40
2022-23	89.36	86.85	86.48

2023-24	95.68	87.47	99.81
2024-25	89.31		

69. Regarding reduction in allocation of funds in BE 2024-25 compared to BE 2023-24 for NCLT, the Ministry in a written reply stated that the reduction in BE 2024-25 was because of general reduction in the overall budgetary allocations of the Ministry of Corporate Affairs.

70. On being asked about the latest status of institution, disposal and pendency of cases, the Ministry in a written reply furnished the following information:

As on 30.08.2024 the status of Institution, disposal and pendency of cases in National Company Law Tribunal (NCLT) was as under:

Cases received from erstwhile CLB.	5,345
Cases received on transfer from High Courts upto 31.08.2024.	4849
Fresh cases filed with NCLT upto 31.08.2024.	96603
Disposal of cases from 01.06.2016 till 31.08.2024.	86828
Pendency of Cases as on 31.08.2024s.	19969

Further, NCLT has intimated that data regarding average time taken for disposal is not maintained by them.

71. Average Time for approval of Resolution Plans / Orders for Liquidation as on 30.06.2024 is as under:

S. No	Average time	As on March, 2023			As on March, 2024			April - June 2024		
		No. of Processes covered	Time (In days)		No. of Processes covered	Time (In days)		No. of Processes covered	Time (In days)	
			Including excluded time	Excluding excluded time		Including excluded time	Excluding excluded time		Including excluded time	Excluding excluded time
CIRPs										

1	From ICD* to approval of resolution plans by AA	676	611	508	947	680	567	58	761	639
2	From ICD to order for Liquidation by AA	2028	455	NA	2469	493	NA	78	680	NA
Liquidations										
3	From LCD# to submission of final report under Liquidation	754	562	NA	1048	605	NA	24	891	NA
4	From LCD to submission of final report under Voluntary Liquidation	1070	408	NA	1398	410	NA	75	386	NA
5	From LCD to order for dissolution under Liquidation	434	624	NA	678	735	NA	38	1109	NA
6	From LCD to order for dissolution under Voluntary Liquidation	644	666	NA	949	723	NA	59	883	NA

*ICD is Insolvency Commencement date

LCD is Liquidation Commencement date.

72. The age wise pendency of cases for admission, is given below:-

Sections	Pendency Period									Total
	0-90 days	90-120 days	120-180 days	180-270 days	270-330 days	330-500 days	500-750 days	750-1000 days	> than 1000 days	
Sec 7	210	76	117	113	60	110	136	88	107	1,017
Sec 9	240	80	124	145	98	136	147	104	346	1,420

Sec 433 (Cases transferr ed from High Court)	96	46	39	31	21	38	38	16	12	337
Sec 10	30	13	16	18	13	25	19	15	20	169
Others	592	226	339	269	165	376	548	402	442	3,359
Total	1,168	441	635	576	357	685	888	625	927	6,302
Break up of Other Sections										
Section 94 & 95	516	183	291	224	148	335	517	374	416	3,004
Section 59	76	43	48	44	17	41	31	28	26	354
Section 54	0	0	0	1	0	0	0	0	0	1
Total	592	226	339	269	165	376	548	402	442	3,359

73. On a query on addressing procedural delays, such as frequent case stays, contributing to backlogs in NCLT, the Ministry stated as follows:

In order to align the process with the timelines laid down in the code and with a view to ensure timely resolutions and maximise value, it is proposed to have separate rules for NCLT for its role as the Adjudicating Authority under IBC. Efforts are underway to reduce procedural delays in NCLT, including the implementation of E-Court and Hybrid Court systems. These systems are expected to expedite case processing, enhance transparency, and make document retrieval more efficient for all parties involved. Additionally, regular colloquiums are being organized to train NCLT Members, focusing on effective case management, updated procedural practices, and technology integration to further streamline the tribunal's operations. An integrated IT platform is proposed which will ensure end-to-end integration and digitisation of the processes and serves as a single source of truth. This would improve the outcomes of the insolvency process including minimising delays, increased transparency, increased

participation of resolution applicants, facilitation in effective decision making, maximisation of value etc.

Furthermore, for the purposes of the Insolvency and Bankruptcy Code (IBC), various regulations are being periodically amended by the Insolvency and Bankruptcy Board of India (IBBI) to improve the efficiency and effectiveness of insolvency and resolution processes. Key regulations being updated include the Insolvency Resolution Process for Corporate Persons Regulations, 2016, the Information Utilities Regulations, 2017, the Liquidation Process Regulations, 2016, the Bankruptcy Process for Personal Guarantors to Corporate Debtors Regulations, 2019, and the Voluntary Liquidation Process Regulations, 2017. These amendments are aimed at addressing procedural challenges, ensuring transparency, and refining the regulatory framework to support timely resolutions. Further, an Integrated Portal is being set up for the Insolvency Ecosystem which would establish better synergy between the NCLT, NCLAT, IBBI, MCA, Resolution Professionals and the stressed Companies.

74. Noting the Budget 2024-25 highlights that the IBC has resolved over 1,000 companies, enabling creditors to recover ₹33 lakh crore. It also proposes reforms and the strengthening of tribunals, including the establishment of appellate tribunals, the committee sought details on funds allocated for tribunal reforms and the timeline for establishment of appellate tribunals. In this regard the Ministry stated as under-:

NCLT has one Principal Bench at New Delhi, and 15 Jurisdictional Benches at New Delhi, Ahmedabad, Allahabad, Amaravati, Bengaluru, Chandigarh, Chennai, Cuttack, Guwahati, Jaipur, Hyderabad, Indore, Kochi, Kolkata and Mumbai have been notified. The bench location of NCLT are being established in a phased manner taking into account the quantum of cases, availability of physical infrastructure, members and other supporting staff etc. Further, the Cabinet Note (A-11013/1/2023-Ad.IV) for the creation of additional posts of Members (50 Judicial and 50 Technical) in NCLT was sent to the Cabinet Secretariat on 05.10.2023. Therefore, after the approval

of such number of members as may be approved by the Cabinet, the selection process for the appointment of Members by the Selection Committee, headed by senior Judges of the Supreme Court, will be initiated. The procedure for appointment of Members involves advertisement on pan India basis, interaction with shortlisted candidates by Selection committee. Thereafter, the recommendations are submitted to ACC for their consideration and approval. With the increase in Members, infrastructure such as space, building etc. will also be needed to make the additional Courts operational. This entire process may take some time.

75. In response to the proposed reforms, particularly in the areas of increasing benches of NCLT manpower, infrastructure, and domain expertise to strengthen the NCLT, the Ministry stated as follows:

In regards to manpower, following is submitted:

- (i) Ministry with the approval of Department of Expenditure had sanctioned 320 regular posts for NCLT, in 2017 and 2018. However, the posts could not be filled up by NCLT timely and out of these 320 posts, 238 posts got in the category of deemed abolished. The matter was taken up with the Department of Expenditure and after continuous and meticulous efforts these posts were revived in September 2023.
- (ii) Besides, this Ministry had also sanctioned a total of 795 outsourced / contractual posts (535 outsourced + 260 contractual) for NCLT. In addition to these 795 posts, 18 posts of IT Assistant and 126 posts of Law Research Associate (as per the norm of 4 LRA for each court) have also been sanctioned.
- (iii) A proposal for creation of 729 regular posts has been proposed by NCLT which is under active consideration in the Ministry.
- (iv) The process for filling up of anticipated vacancies of Members for 2024 is at advanced stage. The Selection Committee headed by Hon'ble Supreme Court Senior Judge has recommended candidates

for appointment to the post of Members in NCLT. Members are likely to be appointed shortly after due approval of the Competent Authority.

- (v) The Cabinet Note (A-11013/1/2023-Ad.IV) for creation of additional posts of Members (50 Judicial and 50 Technical) in NCLT was sent to Cabinet Secretariat on 05.10.2023, with the approval of Hon'ble CAM.

In regards to domain expertise, Section 409(3) of Chapter 27 of the Companies Act, 2013 specifies the qualifications (mentioned in para 2(3) of above) required for appointment as a Technical Member of the National Company Law Tribunal (NCLT). The statutory framework for the NCLT provides for the appointment of both Technical Members and Judicial Members. Technical Members bring specialized expertise, enabling the tribunal to effectively address complex issues within corporate and financial domains that may not be available with the Judicial Members. Adequate infrastructure has been provided to NCLT.

76. On the issue of increasing benches and strengthening manpower in NCLT, the Ministry in a written reply stated:

The benches of NCLT are being established in a phased manner taking into account the quantum of cases, availability of physical infrastructure, members and other supporting staff etc. Filling up of vacancies of Members in NCLT is a dynamic, integrated, continuous and collaborative process between Executives and Judiciary. As a result of this process the pending vacancies of December 2020 were filled successfully and in the subsequent years following appointments were made in NCLT during the years 2021 to 2023:

Sr. No.	Year	Number of Appointments
1.	2021	01 (President)
2.	2021	20 (Members)
3.	2022	14 (Members)
4.	2023	20 (Members)

Further, for anticipated vacancies of 2024, total 513 online applications (295 for Judicial and 218 for Technical Members) have been received. The Selection Committee headed by Hon'ble Supreme Court Senior Judge has completed the interactions with all the shortlisted candidates and further process is at advance stage.

77. Regarding the progress of virtual hearing and e-courts, the Ministry in a written reply stated as under:

The E-Courts Project has been implemented. As per information received from NCLT, in terms of order passed by Hon'ble Supreme Court in the case of Sarvesh Mathur Vs. Registrar General of Punjab & Haryana High Court (Writ Petition (Criminal) No. 351 of 2023), since 01.05.2024, virtual Hybrid hearing is being conducted in all the 16 Benches of NCLT. NCLT has further informed that so far as the list of cases disposed of through virtual E-courts is concerned, all proceedings on and from 01.05.2024 conducted so far are through Hybrid mode namely "Physical and Virtual" at the request of parties concerned.

78. Regarding allocation of funds, the Ministry furnished following information:

S.No.	Information Sought	Reply
i.	Funds earmarked/ proposed to be earmarked for implementation of projects viz. eCourt, Hybrid Court, migration to Meghraj 2.0 in NCLT	<p>a) For BE 2025-26, the NCLT has requested an allocation of Rs. 11.50 crore, while for RE 2024-25, the tribunal has requested amount is Rs. 24.50 crore. Hence, the same is proposed to be earmarked under ICT head.</p> <p>b) Amount proposed to be earmarked for migration of Meghraj 2.0 is Rs. 1.19 crore per annum</p>

ii.	Funds earmarked/ proposed to be earmarked for incoming new Members in NCLT & NCLAT.	Filing up of the vacant posts of Members/Officers is in process. Accordingly, the RE 2024-25 has been adjusted and based on such calculations, the anticipated expenditure of Rs.12.5 Crore is proposed under RE 2024-25. Besides, there are few other vacant posts which are likely to be filled by the end of this financial year. Accordingly, after taking into consideration, the salaries of Members, existing and new officers and staff, the anticipated expenditure of Rs.14 crore is proposed under BE 2025-26.
iii.	Funds earmarked/ proposed to be earmarked for Colloquium.	To enhance capacity building, the NCLT has scheduled two colloquiums for the current financial year. Accordingly, the estimated cost for organizing these events is expected to be around Rs. 90 lakhs included for the RE 2024-25. Also, for the BE 2025-26, the anticipated expenditure is Rs. 1.45 crore, as the NCLT plans to host three colloquiums.
iv.	Funds earmarked/ proposed to be earmarked for additional staff/ contractual staff/ LRAs.	A sum of Rs 16.50 crore has been sought in RE 2024-25. Further, a sum of Rs 20 crore has been proposed in BE 2025-26.

The Ministry further added that:

The newly added Section 418-A(2) of the Companies Act, 2023, provides that NCLAT benches shall ordinarily sit in New Delhi or such other locations as notified by the Central Government in consultation with the

NCLAT Chairperson. Additional benches may be considered based on future recommendations from the NCLAT Chairperson, as per the Companies Act, 2013. Recommendations from Chairperson regarding the establishment of an additional NCLAT bench have not been received so far.

Funds earmarked/proposed to be earmarked for implementation of projects viz. eCourt, Hybrid Court, migration to Meghraj 2.0 in NCLAT	Approx. Rs.75 lakhs is proposed for meeting the expenditure towards migration to Meghraj 2.0 under the Object head ORE.
Funds earmarked/proposed to be earmarked for incoming new Members in NCLAT	The funds under the head 'Salaries' and 'Allowances' for two Judicial Members, for which vacancy circular has already been advertised by the Ministry, are included in the RE 24-25 and BE 25-26.
Funds earmarked/proposed to be earmarked for additional staff/contractual staff/LRAs	The funds are included in the RE 2024-25 and BE 2025-26 for the LRAs and additional outsourced staff.

PART II

Observations/Recommendations

1. BUDGETARY ALLOCATION AND UTILIZATION

The scrutiny of the budgetary allocations and expenditures of the Ministry of Corporate Affairs (MCA) reveals concerning trends of underutilization and variance in fund management. For example, in FY 2022-23, the BE were set at ₹733.02 crore, which was subsequently revised down to ₹630.36 crore at the Revised Estimates (RE) stage. However, the actual expenditure was only ₹568.69 crore, representing just 90.21% of the R.E. This led to surrender of an amount of ₹161.47 crore, which included a technical surrender of ₹102.66 crore, with the actual surrender standing at ₹58.81 crore. Similarly, in FY 2023-24, while the BE was set at ₹756.19 crore, the RE was reduced to ₹617.43 crore, and the actual expenditure was ₹590.84 crore (95.69% of the RE). Ministry has informed that delays in contractual obligations, postponement of key initiatives, unfilled positions and the non-receipt of expected bills from the vendors in the last month of FY 2022-23 contributed to this underutilization.

The Committee observe that such trends of unrealistic budget formulation, erratic downward revision at the RE stage, and consistent underutilization of funds highlight inefficiencies in the budget-making and expenditure-monitoring processes of the MCA. The Committee feel these issues not only undermine the Ministry's ability to achieve its stated objectives but also result in the blocking of scarce public resources. The Committee, therefore, recommend the following corrective measures to arrest this trend:

- The ministry should undertake a thorough review of its past expenditure pattern and project funds requirement more accurately to avoid overestimation at the BE stage.
- A robust system should be established to periodically monitor the pace of expenditure and ensure timely implementation of the

projects.

- Efforts must be made to ensure that contractual obligations are fulfilled on time, key programs such as CSR awards and research activities are implemented as scheduled and vacancies in attached offices are filled without delay.
- The delays in vendor bill submissions must be addressed by instituting streamlined processes and clean timelines for compliance.

The Committee expect the Ministry of Corporate Affairs to implement these measures earnestly.

2. Prime Minister's Internship Scheme (PMIS)

The Committee commend the ambitious vision of the PMIS, which aims to provide internships to 1 crore youth over five years with an estimated expenditure of ₹63,000 crore. The pilot phase, targeting 1.25 lakh internships in FY 2024-25, successfully integrates skill development, financial assistance, insurance coverage, and transparent processes through the PMIS portal, demonstrating a commendable effort to empower youth and bridge the skills gap.

The Committee observe the allocated ₹2,000 crores in the BE and ₹380 crores in the RE for FY 2024-25. These funds suffice for the pilot phase, but dynamic reassessment of financial needs is crucial for scaling up. While these features are commendable, challenges persist regarding inclusivity, monitoring, stakeholder participation, and post-internship outcomes, impacting overall budget efficiency.

The committee feel that Scheme's Monitoring, Evaluation, and Learning (MEL) framework is pivotal for transparency and timely corrections. The Committee observe that collaboration with top 500 companies through CSR funding is a key strength, yet broader engagement with SMEs, Startups,

and regional stakeholders is essential to ensure inclusive sectoral and geographic representation. The digital portal and multilingual outreach enhance accessibility but require targeted campaigns for remote areas. Risks such as misuse by companies and inadequate internship oversight must be mitigated to safeguard outcomes and there should be a mechanism to keep a check on it.

The Committee also believe that addressing the challenges faced by candidates from remote or underserved regions is crucial for ensuring equitable access to internships. The committee feel without adequate support for living expenses, these candidates may be unable to participate, thereby hindering the program's inclusivity and its potential to attract a diverse pool of talent.

The Committee also note that two key provisions of the scheme's eligibility criteria exclude candidates if any of their family member earns over ₹8 lakh or is a regular government employee. The committee find that the blanket exclusion of regular government employee families unwarranted, as many earn below ₹8 lakh and may need support under the scheme. The Committee strongly recommend revising the criteria to focus solely on the ₹8 lakh income limit, eliminating the exclusion of permanent/regular government employees to make the scheme more inclusive and equitable.

The Committee further recommend that host companies align training programs with industry skill requirements to ensure interns are industry-ready. The Committee urge periodic independent evaluations for transparency and suggest relaxing eligibility norms for marginalized and economically weaker candidates to enhance inclusivity. While the scheme is in its pilot phase, the Committee emphasize that the internship-to-employment conversion rate should be a key success indicator. The Committee, therefore, recommend establishing a robust system to monitor and track this metric, ensuring the program effectively creates career opportunities and aligns with industry demands.

3. MCA21 e-Governance Project

The Committee note that the Ministry of Corporate Affairs has implemented the MCA21 e-Governance project to provide stakeholders with a secure, user-friendly platform for corporate compliance and service delivery. The launch of MCA21 Version 3.0, incorporating advanced technologies such as Artificial Intelligence (AI) and Machine Learning (ML), is a commendable step toward aligning with international benchmarks and enhancing the Ease of Doing Business (EoDB). However, the Committee observe several persistent issues that need attention. One significant concern is the constant underutilization of funds, attributed to delays in service delivery and other project setbacks. The Committee note that the Ministry has acknowledged this issue, but further efforts are necessary to ensure timely project execution and optimal resource allocation.

The Committee note that data discrepancy has emerged as a critical issue, with instances reported where companies, after filling out their details, encountered data from other entities upon downloading forms. This not only poses significant privacy and confidentiality risks but also erodes stakeholder confidence in the system's reliability.

The Committee further note that the absence of a comprehensive desktop and mobile application limits accessibility and convenience, particularly for stakeholders requiring mobility and offline capabilities. The Committee feel that International best practices underscore the need for robust and secure digital solutions, and the Committee are of the opinion that developing a full-fledged MCA21 application is essential for India to match global standards. Such an application should include offline form-filling with seamless synchronization, real-time issue reporting, biometric authentication, and comprehensive access to all eForms.

To address the pressing issue of data discrepancies, the Committee recommend the Ministry to adopt an advanced data validation

mechanisms using technologies like Blockchain to ensure secure and tamper-proof data handling. The committee believe that a robust audit trail should be implemented to identify and rectify inconsistencies promptly, along with regular third-party security audits to safeguard data integrity. Establishing an efficient feedback and grievance redressal mechanism will further enable swift resolution of discrepancies.

The Committee further recommend that the Ministry prioritize system upgrades, stakeholder training, and vendor accountability to improve the platform's functionality and user trust. The Committee urge the Ministry that dequate resources and expertise must be allocated to establish MCA21 as a global model of e-Governance, ensuring seamless compliance, enhanced privacy, and fostering corporate growth.

4. Serious Fraud Investigation Office (SFIO)

The Committee note that the Serious Fraud Investigation Office (SFIO) has completed more than twenty years since its establishment in July 2003. The SFIO was accorded statutory status under the Companies Act, 2013 in 2015, a move necessitated by the major failures of non-banking financial institutions and stock market scams. The Committee observe that over the years, the budgetary allocation for SFIO has seen a gradual increase, with a downward jump in the Budget Estimates (BE) from Rs. 54.92 crore in 2023-24 to Rs. 43.01 crore in 2024-25, reflecting the growing responsibilities of the SFIO.

The Committee further note that the SFIO faces significant vacancies, with 116 of its 238 sanctioned posts unfilled. Despite efforts to recruit, 43 posts remain for deputation and 27 for direct recruitment, slowing its capacity to handle investigations. Additionally, the SFIO has a backlog of cases, with 74 pending as of October 2024, and the average age of pending complaints is alarmingly high at 184 months, indicating delayed resolutions.

The Committee recognize that despite these challenges, the SFIO has achieved 374 successful prosecutions out of 511 disposed complaints, with a conviction rate of 73.2%. The Ministry is improving performance through upgrades to the Computer Forensic Data Mining Lab (CFDML), enhancements to the Summon & Notice Management System (SNMS), and the creation of panels for CA firms and legal counsel to assist with investigations.

Given these circumstances, the Committee strongly recommend that the Ministry expedite the process of filling all vacant posts within SFIO within the current financial year. The Committee feel that the enhancement in budget should be fully utilized towards this goal. Moreover, the Committee urge the Ministry to ensure that by the next financial year, all sanctioned positions in SFIO are filled. The Committee believe that this will enable the SFIO to handle its growing caseload more efficiently and expedite the resolution of pending cases, thus strengthening its role in combating financial fraud and white-collar crimes. The Committee hope that with a fully staffed workforce and upgraded technological infrastructure, the SFIO will be better positioned to meet its growing mandate and deliver timely results in the coming years.

5. Insolvency and Bankruptcy Code (IBC)

The Committee acknowledge that the implementation of the Insolvency and Bankruptcy Code (IBC) has made significant strides in improving the resolution of distressed corporate assets in India. Over the years, the IBC has not only enhanced credit discipline but also facilitated a transparent and efficient resolution process, underscoring its role in fostering economic stability. The recovery of over ₹3.5 lakh crore for creditors exemplifies the success of the Code in achieving its primary objective. Furthermore, the IBC has enabled the revival of unproductive assets, turning them into productive contributors to the economy, which is a

testament to its far-reaching impact. However, the Committee observe persistent challenges hinder its full effectiveness. Notably, 535 investigations and 166 show-cause notices against Resolution Professionals (RPs) highlight competence and conduct issues, and nearly 64% of CIRPs exceed the statutory 330-day limit, causing delays. The Committee note that the lack of clarity on Government creditors' claims and issues around stakeholder representation further dilute the Code's efficiency. The Committee feel that the rising costs of CIRPs and frequent litigation by stakeholders exacerbate delays, frustrating the intended outcomes of the IBC. The Committee observe that delays in the insolvency resolution process, particularly at the stage of admission and adjudication at the National Company Law Tribunal (NCLT), remain a significant bottleneck. The Committee note that despite the IBC's intent to ensure time-bound resolutions, the average timeframes for resolving cases have been increasing steadily. These delays not only impact the recovery value for creditors but also affect the confidence of stakeholders in the efficiency of the insolvency framework. The committee, therefore, believe that addressing procedural inefficiencies and capacity constraints in adjudication is critical to achieving the IBC's objective of expeditious and effective resolution. To address these challenges, the Committee recommend the following:

- Establish fast track tribunals with strict timelines for high priority cases.
- Ministry should consider adopting an urgent list system for insolvency cases, similar to the UK, to prioritize time-sensitive matters. Additionally, allowing the appointment of resolution professionals outside of courts can help reduce delays and streamline the process for quicker resolutions.
- The Committee recommend introducing a provision under the IBC, similar to Article 226(3) of the Constitution, to mandate the processing of applications within 14 days. This will help address excessive

delays, which currently extend to over two years, and ensure timely resolution of cases.

- Enhance RPs standards with rigorous certification, specialized training, and independent performance reviews, particularly for high-stakes cases. A dual oversight system involving IBBI and external experts can improve RP regulation.
- Explore PPP models to improve judicial processes, drawing on the success of privatized Seva Kendras. Private investments in technology can modernize infrastructure and enhance case resolution speed.
- Ensure NCLT members and adjudicating bodies possess specialized knowledge, as highlighted in the Supreme Court's Finolex Industries case, for better decision-making in complex insolvency cases.
- Provide clearer guidelines on the treatment of government dues, especially taxes and penalties, ensuring equitable and transparent resolution of government claims.

By addressing delays, competency gaps, and broadening stakeholder engagement, along with leveraging technology and domain expertise, the IBC can further enhance its impact on India's economy, ensuring faster resolutions and boosting investor confidence.

6. Investor Education and Protection Fund (IEPF) Authority

The Committee observe that the Investor Education and Protection Fund (IEPF) Authority, established under Section 125 of the Companies Act, 2013, has made significant strides in investor education, awareness, and protection. However, it faces challenges, including unfilled vacancies, underutilization of allocated funds, and a growing backlog of claims, which hinder its ability to perform optimally. The Committee note that as of 2024-

25, 15 vacant posts remain unfilled out of 29 sanctioned positions, significantly limiting the Authority's capacity to manage claims and ensure timely refunds. Despite increasing claim filings, with 55,032 claims submitted in 2023-24, the number of pending claims has surged to 43,226. The Committee further note that the allocated budget for 2023-24, which stood at ₹9.13 crore, was not fully utilized, with only ₹8.17 crore being spent due to staffing constraints and slow administrative processes. For 2024-25, the Ministry requested ₹11.11 crore in BE, but only ₹7.70 crore was allocated due to overall budget reductions. Consequently, ₹11.07 crore is being sought in RE 2024-25 to address funding gaps. The Committee feel that the underutilization of allocated funds for 2023-24 and the reduction in budget allocation for 2024-25 due to staffing issues and budget cuts raises concerns about efficient fund utilization and the potential impact on Ministerial operations.

The Committee recognize that the IEPF Authority has successfully implemented various awareness programs, holding over 85,000 events to promote investor literacy. However, the Committee feel with the high rate of claim rejections and delays in the claims process, there remains considerable scope for improvement. In light of these challenges, the Committee recommend the following :

- Fill the 15 vacant posts by the end of this financial year and ensure all positions are filled by the next year, while optimizing fund utilization to effectively manage claims and enhance investor education.
- Prioritize IT integration across MCA21, NSDL/CDSL, and PFMS to automate claims processing, reduce delays, and ensure faster, accurate refunds by next financial year.
- Revise the claims rejection process, as 30,884 claims were rejected in 2023-24. Ensuring thorough verification before rejection will reduce avoidable rejections and increase transparency.
- Enhance the investor support by providing clearer documentation

guidelines and improving access to claim resources. Collecting additional data on claim types and demographics will help tailor support initiatives to better meet investor needs.

- Evaluate international innovative best practices and strategies from leading international benchmarks. By assessing and adopting relevant strategies that align with India's regulatory environment, the Ministry can strengthen and enhance the efficiency of the country's investor protection ecosystem.**

7. National Company Law Tribunal (NCLT)

The Committee acknowledge the critical role of NCLT in expediting corporate dispute resolution and enhancing the ease of doing business. Since its inception in 2016, NCLT has made significant strides, disposing of 86,828 cases by August 2024. However, the Committee note that the backlog of 19,969 cases highlights persistent challenges in addressing procedural delays, infrastructure constraints, and manpower shortages. The Committee observe that the average time for case disposal, particularly for insolvency resolution and liquidation, remains concerning, with delays undermining the tribunal's efficiency and the broader objective of swift corporate dispute resolution.

The committee further note that Budget allocations for the NCLT have steadily increased from ₹52.15 crore in 2019-20 to ₹89.36 crore in 2022-23 but have seen a marginal reduction in BE to ₹89.31 crore in 2024-25, potentially limiting operational enhancements. The Committee note that manpower shortages remain critical, with 238 regular posts abolished due to recruitment delays but revived in 2023. While recruitment for 100 additional members is underway, the tribunal's demand for 729 posts highlights significant gaps. The Committee feel that reliance on contractual staff, though helpful, cannot replace the need for a permanent workforce. The Committee have observed that infrastructure challenges further

exacerbate delays. Despite the implementation of E-Courts and hybrid hearings across 16 benches, physical infrastructure gaps and incomplete digital integration hinder optimal performance. The Committee feel that the Ministry's plan to establish an integrated IT platform and expand benches is promising, but timely execution is essential. To address these issues comprehensively, the Committee strongly recommend the following:

- Expedite the filling of all revived and sanctioned posts within the current financial year. Proactive steps are needed to streamline the recruitment process for additional posts to ensure adequate staffing levels.**
- Procedural rules tailored to NCLT's role under the Insolvency and Bankruptcy Code (IBC) should be finalized and implemented swiftly. Training programs and regular colloquiums for tribunal members can further reduce procedural delays and improve case management.**
- The Ministry should prioritize the development of the integrated IT platform and address physical infrastructure gaps. These upgrades are vital for improving case processing times and ensuring transparency in tribunal operations.**
- Allocated funds must be fully utilized, with emphasis on recruitment, infrastructure development, and technology integration. The reduction in BE for 2024-25 should not impede these critical objectives.**
- The Ministry should establish a performance monitoring mechanism to track pendency and disposal rates, enabling timely interventions to clear backlogs and improve resolution timelines. The Ministry should also maintain data with respect to average time taken for resolution process.**
- The Committee recommend adopting a mechanism under NCLT to count additional applications within the same case separately to avoid inflating the number of pending cases, ensuring a more accurate reflection of the case backlog.**

The Committee believe that addressing these challenges systematically, the NCLT will be better positioned to fulfill its mandate of expeditious corporate dispute resolution, thereby contributing to economic growth and the ease of doing business in India.

**New Delhi;
4 December, 2024
13 Agrahayana, 1946 (Saka)**

**Bhartruhari Mahtab,
Chairperson
Standing Committee on Finance**

Minutes of the Fifth sitting of the Standing Committee on Finance (2024-25). The Committee sat on Tuesday, the 29th October, 2024 from 1245 hrs. to 1440 hrs in Committee Room 'D', Parliament House Annexe, New Delhi.

PRESENT

Shri Bhartruhari Mahtab – Chairperson

LOK SABHA

2. Shri Arun Bharti
3. Shri P. P. Chaudhary
4. Shri Lavu Sri Krishna Devarayalu
5. Shri Kishori Lal
6. Thiru Arun Nehru
7. Shri N. K. Premachandran
8. Smt. Sandhya Ray
9. Prof. Sougata Ray
10. Shri P. V. Midhun Reddy
11. Dr. Jayanta Kumar Roy
12. Dr. K. Sudhakar
13. Shri Manish Tewari
14. Shri Balashowry Vallabhaneni
15. Shri Prabhakar Reddy Vemireddy

RAJYA SABHA

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

SECRETARIAT

- | | | |
|----------------------------|---|------------------|
| 1. Shri Gaurav Goyal | - | Joint Secretary |
| 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. Kamini Chauhan Ratan, AS&FA
3. Shri Sanjay Shorey, Director General of Corporate Affairs
4. Shri Inder Deep Singh Dhariwal, Joint Secretary
5. Ms. Anita Shah Akella, Joint Secretary
6. Shri Santanu Mitra, Sr. Economic Adviser
7. Shri Sunit Chandra, Registrar, NCLAT
8. Shri Naveen Kumar Kashyap, Registrar, NCLT
9. Shri Sidhil Sasi, Deputy Director General, Statistics Division
10. Shri Dhruva Kumar Singh, Chief Controller of Accounts
11. Shri Samir Ashwin Vakil, Director, SFIO

2. At the outset, the Chairperson welcomed the Members and witnesses to the sitting of the Committee. After the customary introduction of the Witnesses, the Secretary, Ministry of Corporate Affairs made a Power Point Presentation (PPT) before the Committee in connection with the examination of Demands for Grants (2024-25) of the Ministry and issues connected therewith. The major issues discussed include the reasons for an extraordinary increase in Ministry's budget in comparison to last year's estimates and inefficient utilization of funds; extension of C-PACE services to expedite and streamline the voluntary closure of LLPs; progress regarding the proposed Digital Competition Bill; Central Sector Scheme-Corporate data Management and Prime Minister's internship Scheme; the need to revisit the IBC legislation to enhance efficiency and tackle emerging challenges; issues regarding huge haircuts and the extraneous activities of Resolution Professionals (RPs) under IBC; slower growth of CSR spending compared to net profit of the Companies; inadequate allocation of CSR funding to education and rural areas; reasons behind the large-scale closure of companies and concerns over the reemployment and compensation of displaced employees; need for more

benches of NCLAT; need for the launch of the MCA21 application to enhance efficiency and transparency; issue of a demand-supply mismatch of Company Secretaries in the country; impact of ongoing examination of the Digital Competition Bill on existing CCI resources; need for comprehensive cadre review and restructuring process for CCI; issue of significant backlogs in the NCLT and issue regarding clubbing of CSR funds with MPLADS. The Committee further deliberated upon the need for auditing the nature of Resolution Professionals under IBC and need for strengthening of IEPFA. The Committee also discussed issues regarding vacancies in the statutory bodies and quasi-judicial bodies of the Ministry; need for increasing sanctioned strength in NCLT and issues regarding low conviction rates in SFIO and CCI.

3. The witnesses responded to the queries raised by the Members. The Chairperson then 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.

A verbatim record of the proceedings has been kept.

Minutes of the Seventh sitting of the Standing Committee on Finance (2024-25). The Committee sat on Wednesday, the 04 December, 2024 from 1500 hrs to 1530 hrs in Committee Room 'G-074', Parliament Library Building, 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 Kishori Lal
6. Shri Harendra Singh Malik
7. Shri Chudasama Rajeshbhai Naranbhai
8. Thiru Arun Nehru
9. Shri N. K. Premachandran
10. Dr. C. M. Ramesh
11. Dr. Jayanta Kumar Roy
12. Shri Prabhakar Reddy Vemireddy

RAJYA SABHA

13. Shri Milind Murli Deora
14. Dr. Ashok Kumar Mittal
15. Shri Sanjay Seth
16. Dr. Dinesh Sharma
17. Smt. Darshana Singh
18. Shri Pramod Tiwari

SECRETARIAT

- | | | | |
|----|--------------------------|---|------------------|
| 1. | Shri Gaurav Goyal | - | Joint Secretary |
| 2. | Shri Vinay Pradeep Barwa | - | Director |
| 3. | Shri Kuldeep Singh Rana | - | Deputy Secretary |
| 4. | 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. First Report on Demands for Grants (2024-25) of the Ministry of Finance (Departments of Economic Affairs, Expenditure, Financial Services, Investment & Public Asset Management and Public Enterprises).
- ii. Second Report on Demands for Grants (2024-25) of the Ministry of Finance (Department of Revenue).
- iii. Third Report on Demands for Grants (2024-25) of the Ministry of Corporate Affairs.
- iv. Fourth Report on Demands for Grants (2024-25) of the Ministry of Planning.
- v. Fifth Report on Demands for Grants (2024-25) of the Ministry of Statistics and Programme Implementation.
- vi. Sixth Report on Action Taken by the Government on recommendations contained in 59th Report (Seventeenth Lok Sabha) on the subject 'Cyber Security and Rising Incidence of Cyber/White Collar Crimes'.
- vii. Seventh Report on Action Taken by the Government on recommendations contained in 66th Report (Seventeenth Lok Sabha) on the subject 'Performance Review and Regulation of Insurance Sector'.

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.