

IMPORTANT INITIATIVES/DECISIONS TAKEN DURING LAST THREE YEARS & EIGHT MONTHS (MAY, 2014 – JAN, 2018)

1. Upgradation of MCA21 Version2: MCA21 v2 is the next version of MCA21 with enhanced experience and value to the end users through a revamp of some for the current interfaces to provide anytime and anywhere service to businesses by Ministry of Corporate Affairs. The upgradation of MCA21v2 was carried out in 2 releases. The first release for LLP Module was upgraded on 19-Oct-2015 and second release for Companies Module was upgraded on 28-Mar-2016. The upgraded system has a new architecture platform for leveraging industry proven technologies accepted globally, improved mechanism for ensuring data integrity, enhanced user experience with personalization and aesthetically designed user interfaces for ease of navigation.

2. Setting up of Central Registration Centre for Name Availability & Incorporation: A Central Registration Centre (CRC) having territorial jurisdiction all over India has been established since 26.01.2016 for discharging or carrying out the function of processing/disposal of applications for reservation of names and incorporation of companies under the provisions of the Companies Act, 2013. Due to this, the process of reservation of names and incorporation of companies has become faster and more effective. With this, the difficulties expressed by stakeholders w.r.t. different procedures/practices followed in various ROCs have been resolved.

The Ministry of Corporate Affairs (MCA) brought about a transformational change in the company name reservation and incorporation processes by undertaking Government Process Re-engineering (GPR) and setting up the Central Registration Centre (CRC) for processing of Company “Name Availability” (INC-01) eForms and “Incorporation” (INC-02/INC-32 - SPICe).

The project to transform the processing of Company Incorporation e-Forms was undertaken with one clear objective – Applications for Name reservation and Incorporation of a company should be processed and completed within D+1 days (D=Date of Payment Confirmation) in line with Global best practices. The MCA rolled out the first phase of Central Registration Centre (CRC) on 25th January 2016 for processing Name Reservation applications and second phase of CRC for processing Incorporation applications on 28th March 2016.

The GPR exercise is in pursuance of the ministry’s objective of providing greater “Ease of Doing Business” to all stakeholders and has resulted in speedier processing of incorporation related applications, uniformity in application of rules, and eradicating discretion.

The time taken for processing company incorporation applications being reduced drastically from between 5 to 15 working days in June 2014, to an average of 0.45 working days in November 2017. Similarly, the processing time for name availability applications has

been brought down significantly from between 5 to 6 working days in June 2014, to an average of 0.6 days in November 2017.

In addition, more than 90% applications are being approved within 1 working day. This has resulted in speed, greater transparency, uniformity and eradication of discretion.

3. Simplified Proforma for Incorporating Company Electronically (SPICe): In the year 2016, Ministry has introduced a new e-form named INC-32 - SPICe (Simplified Proforma for Incorporating Company Electronically) in place of form INC-29, on the occasion of Gandhi Jayanti 2016, which provides more functionalities and deals with a single form for multiple services for incorporation of a company (except for Section 8 companies and Producer Companies). These are as follows: -

- (i) SPICe is a Simplified and Digital form for Company Incorporation.
- (ii) A Standardized format of **e-Memorandum of Association** and **e-Articles of Association** as per Companies Act, 2013 has been created in linked e-form.
- (iii) Provision to apply for Company Incorporation with a pre-approved Company Name (obtained by first filing INC-1 eform), which is not available in INC-29 eform.
- (iv) **Mandatory DSCs** of Subscribers and Witnesses (max 7+1) in SPICe MOA and SPICe AOA instead of Ink signed signatures being done manually in documents attached with INC-29 e-form.
- (v) Standardization and machine tracking of changes to standard format made by stakeholders.
- (vi) Machine readability of forms, speed in Back Office Processing and positive identification of subscribers due to introduction of digital signatures.

4. Integration of MCA21 with CBDT for Issuance of PAN and First TAN: The Ministry has electronically integrated the MCA21 System with the CBDT for issue of PAN and First TAN to a company incorporated using the Simplified Proforma for Incorporating Company Electronically (SPICe). Stakeholders submit applications for PAN and TAN at the time of submitting applications for incorporation. The PAN allotted by Income Tax Department is being affixed on the Certificate of Incorporation of the company w.e.f. 01-Feb-2017.

This has resulted in reduction in the number of processes and time taken for Starting a Business in the country.

5. Development of Enforcement Module: The Ministry has undertaken the initiative to leverage Information Technology (IT) to deploy an Enforcement Module for end to end processing of cases from receipt of complaints to Inspection and Investigation of the companies. The Enforcement Module is being used for **recording Investor Complaints, carrying out Technical Scrutiny, Inspection, Investigation, Prosecution, Enforcement and Generation of Show Cause Notices online** for Indian Companies. The module was deployed on 06-Feb-2017.

The measure is expected to result in efficient and effective Enforcement of Law leading to Inspections and Investigations, and provides a platform for real time monitoring of complaints and cases.

6. Development of MCA21 Module for Official Liquidators: There are total 23 OL offices, 7 of them co-located with respective RD/ROC facility of the region. MCA-OL project aims at bringing the current offline/manual processes related to liquidation of companies to an online system. Project will cover all 23 OL locations across the country. Three separate functionalities have been developed to cater to various requirements.

- Case Management (E-Repository) System
- Financial Accounting (PeopleSoft) System
- E-Auction System

The 3 modules of MCA21 OL Module have been deployed in phases in different OL locations to facilitate the MCA officials at the offices of OL.

7. MOU Between CBDT, MOF and MCA for data Exchange: The Ministry of Corporate Affairs (MCA) and Central Board of Direct Taxes (CBDT) have entered into an inter-agency data exchange MoU dated 06-09-2017 for exchange of data/information in respect of corporates.

8. Removal of Requirement of Separately signing of PAN/TAN Application (FORM 49A/49B): In the year 2017, revised SPICe (Incorporation) eForm to include the additional fields required in from 49A/49B of CBDT in SPICe itself, so that companies do not need to apply for PAN and TAN separately to CBDT a duly signed form 49A/49B separately, was deployed by MCA. This has led to significant ease for stakeholders who now avail of 5 different services viz., company name, company incorporation, DIN of the directors, Permanent Account Number (PAN) and Tax Deduction and Collection Account Number (TAN) for the newly incorporated company, extended by two different Ministries through a single integrated form (SPICe), which is submitted once only.

9. Introduction of “RUN- RESERVE UNIQUE NAME” WEB SERVICE for Name Reservation: On the occasion of 69th Republic Day (26th January, 2018), the Ministry has introduced a web base service name as “RUN – Reserve Unique Name for making the Name reservation process Speedy, Smooth, Simple and reducing the number of procedures. It has now made at par with process being followed in New Zealand

10. Re-Engineering the process of Allotment of DIN: Re-engineering the process of allotment of DIN by allotting it through the combined SPICe form only at the time of an individual’s appointment as Director (in case he/she doesn’t have a DIN).

11. EXEMPTION of MCA FEE for Company Incorporation: A Government process of Re-engineering has been implemented where zero fee for incorporation of all companies with authorized capital upto Rs.10 lakh or those companies with no share capital but have upto twenty members.

12. EASE OF DOING BUSINESS - COMPANIES ACT, 2013

(i) Companies (Amendment) Act, 2015: 16 amendments in the Companies Act, 2013 made through Companies (Amendment) Act, 2015 (Enacted in May 2015) - These amendments aimed at facilitating business and addressing concerns raised by stakeholders.

(ii) Companies (Amendment) Act, 2017: Amendments in 93 sections of the Companies Act, 2013 made on the recommendations of the Companies Law Committee (CLC) as well as Parliamentary Standing Committee on Finance (Enacted in January, 2018).

(iii) Exemptions under section 462 of the Companies Act, 2013: Exemptions under section 462 to four classes of companies – private companies, Government companies, Nidhis and charitable companies were given in June, 2015. These exemptions have provided relaxations to such companies from various compliance and other requirements of the Companies Act, 2013.

In order to address the request made by Gujarat International Finance Tec-City (GIFT City), Gandhi Nagar (wherein the country's first International Financial Service Centre (IFSC) has been set up), two notifications were issued on 4th January, 2017 providing exceptions, modifications and adaptations from various provisions of the Companies Act, 2013 for companies licensed to operate by the Reserve Bank of India or Securities and Exchange Board of India or Insurance Regulatory and Development Authority of India from Gift city IFSC, Gujarat as well as any other IFSC located in an approved multi services special economic zone set-up under Special Economic Zones Act, 2005, which may be set up subsequently.

Subsequently, in view of recommendations made by CLC and requests made by other stakeholders' three notifications for further exemptions u/s 462 to private companies, Government companies and charitable companies were issued in June, 2017.

(iv) On the occasion of 69th Republic Day, the Ministry has launched the following Government Process Re-engineering (GPR) initiatives for making the Incorporation Process Speedy, Smooth, Simple and reducing the number of procedures involved for starting a Business:-

- (a) Introduction of "RUN - Reserve Unique Name" Web service for name reservation.
- (b) Zero fee for incorporation of all companies with authorized capital upto Rs. 10 lakh.
- (c) Re-engineering the process of allotment of DIN by allotting it through the combined SPICe form only at the time of an individual's appointment as Director (in case he/she does not have a DIN).

(v) It is expected that the above initiatives will significantly enhance the "Ease of Doing Business - Starting a Business" in the Country and benefit a large number of Stakeholders.

(vi) Other Action: A new integrated e-Form INC-29 was made available w.e.f 1st May, 2015 for companies. The Form did away with filing multiple applications/forms saving time and payable fees. Further improvements were made in such Form and the modified version viz SPICE Form was introduced in October, 2016.

Various amendments in the Rules, Removal of Difficulty Orders and clarifications issued from time to time under the Companies Act, 2013 to address concerns expressed by stakeholders.

13. CONSTITUTION OF NATIONAL COMPANY LAW TRIBUNAL (NCLT) AND NATIONAL COMPANY LAW APPELLATE TRIBUNAL (NCLAT): After completing the process for appointment of President of NCLT, Chairperson of NCLAT and Members of these bodies, putting in place the infrastructure for these bodies and issuing the technical rules on the matter these bodies have become operational w.e.f. 1st June 2016.

14. IMPLEMENTATION OF INDIAN ACCOUNTING STANDARDS (INDAS) Consequent to announcement in the budget of Financial Year 2014-15 (para 128), accounting standards converged with global standards, namely, International Financial Reporting Standards (IFRS) were framed in consultation with the Institute of Chartered Accountants of India and National Advisory Committee on Accounting Standards. These standards, called Indian Accounting standards (Ind AS) were notified on 16.02.2015 as Companies (Indian Accounting Standards) Rules, 2015. These Standards were made applicable for FY 2015-16 (optional) and for FY 2016-17 (mandatory) to bigger companies other than banking companies, insurance companies and NBFCs. Subsequently in January, 2016, these standards have also been made applicable from Financial Year 2018-19 onwards for banking companies, insurance companies and NBFCs. These accounting standards are significantly congruent with the global standards, with minimum carve-outs and are expected to boost investor confidence.

15. INSOLVENCY AND BANKRUPTCY CODE, 2016 - ENACTMENT AND IMPLEMENTATION

(i) The Insolvency and Bankruptcy Code, 2016 (Code) [enacted on 28th May, 2016] has been framed with the object to consolidate and amend the laws relating to reorganization and insolvency resolution of corporate persons, partnership firms and individuals in a time bound manner and for maximization of value of assets. Provisions on corporate insolvency resolution process of the Code have been brought into force and various Rules/Regulations have been prescribed under the said Code. Insolvency and Bankruptcy Code (Amendment) Ordinance, 2017 was promulgated vide notification dated 23.11.2017 to amend Insolvency and Bankruptcy Code, 2016 (Code) in order to further strengthen the insolvency resolution process by prohibiting certain persons from submitting a resolution plan who, on account of their antecedents, may adversely impact the credibility of the processes under the Code and further make provisions to specify certain additional requirements for submission and consideration of the resolution plan before its approval by committee of creditors. The Insolvency and Bankruptcy Code (Amendment) Act, 2018 has replaced the Ordinance.

(ii) Ministry has constituted Insolvency Law Committee (ILC) vide order dated 16.11.2017 to take stock of functioning and implementation of the Code, identify the issues that may impact the efficiency of the corporate insolvency resolution and liquidation framework prescribed under the Code and make suitable recommendations to address such issues, enhance efficiency

of the processes prescribed and for effective implementation of the Code. Public consultation has been initiated and the Committee has already met on two occasions.

16. Investor Education and Protection Fund Authority:

(i) During the financial year 2016-17, Ministry of Corporate Affairs has been established Investor Education and Protection Fund Authority on 7th September, 2016 under the provisions of section 125 of the Companies Act, 2013 with the objective to make refunds of shares, unclaimed dividends, matured deposits/debentures etc. transferred to IEPF and to promote investor education, awareness and protection.

Further, section 124 (6) of Companies Act, 2013 requires that shares in respect of which dividend has not been paid or claimed for seven or more consecutive years or more shall be transferred by the company to IEPF Authority. For facilitating the transfer of shares, the Authority has opened two Demat accounts, one for each of the depositories (NSDL & CDSL).

(ii). **Refund to claims :-** Since inception of the Authority total amount of Rs. 83,93,767/- have been refunded as on 12th February, 2018. The total number of claims filed till 12th February, 2018 as per data of e-form IEPF-5 available on MCA-21 portal is 2261. The status of refund of claims received and processes by IEPF Authority is as under:

(As on 12th February, 2018)

No. of claims received by Authority since 7 th September, 2016	No. of claims in which amounts disbursed	No of claims rejected	No. of claims pending for rectifications by companies
878	105	314	459

(iii) **Investor Awareness Initiatives :-**The IEPF Authority is mandated by the Companies Act, 2013 to promote investor education, awareness and protection. Towards this end the Authority/Ministry has taken various investor awareness initiatives through a media campaign and organizing Investor Awareness Programmes (IAPs). The IAPs are organized in rural areas through CSC e-Governance Services India Ltd., Ministry of Communications & IT (DeitY). During 2013-14 to 2017-18, 7839 IAPs have been conducted across 12 states reached out to and sensitized total 4,91,739 families/citizen. In urban and semi urban areas the IAPs are conducted through Professional Institutes (PIs).The year wise details of the IAP's conducted are as under:

Year wise detail of Investor Education Programmes (IAPs) conducted

Year	Professional Institutes (PIs)	CSC e-governance	Total
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2013-14	1849	20	1869
2014-15	1359	300	1659
2015-16	2019	925	2944
2016-17	1096	1075	2171
2017-18 (till 31.01.2018)	170	5519	5689
Total	6493	7839	14332

To increase the outreach of these programmes a proposal for conducting 20,000 additional IAPs covering the remaining states of the country have been planned.

(iv). **Other awareness Activities:-** IEPF Authority has published advertisements in leading newspapers in various languages throughout India informing investors about the procedures for claim of unpaid/unclaimed dividends/matured deposits/matured bonds/shares which have been deposited by the companies to the IEPF. Four jingles on investor awareness are being aired on All India Radio FM and Vividh Bharti. Crawlers on investor awareness are run on Doordarshan News Channels and Regional Kendras. Sending awareness messages through SMS.

A joint campaign was planned by the Ministry (IEPF Authority) in association with Reserve Bank of India, Securities and Exchange Board of India and Department of Consumer Affairs for creating investor awareness. As part of this campaign activities co-branded jingles have been prepared and run on All India Radio by the IEPF Authority. The Department of Consumer Affairs have provided two slots for running co-branded jingles.

(v). **IEPF Portal:-** A new portal namely www.iepfportal.in is being established for increasing the outreach Investor Awareness Programmes (IAPs). The portal will provide in administrative access to the partner institution like ICAI, ICSI, ICoAI & IICA for uploading the details of past & future programmes.

17. The Ministry of Corporate Affairs has approved a request of the Malaysian Association of Company Secretaries (MACS) for adoption of the Secretarial Standards issued by the Institute of Company Secretaries of India (ICSI) as the benchmark in the development of Secretarial Standards of MACS.

18. REPEAL OF OLD LAWS: This Ministry has conveyed its no objection for repeal of Competition (Amendment) Act, 2007 (39 of 2007) and Competition (Amendment) Act, 2009 (39 of 2009) on the proposal received from Ministry of Law & Justice based on the recommendations of the two Member Committee and the fact that all the sections of the Amendment Acts have been notified.

19. As part of the Govt. of India's commitment to provide greater Ease Doing Business in the country the Ministry took a significant step towards easing the Mergers and Acquisitions

(M&As) climate in India by issuing Notification No. S. O. 988 (E) on 27.3.2017 with the objective to provide: -

- (i) broader interpretation of combinations such as acquisition, mergers and amalgamation and the applicability of the threshold limits to all forms of combinations.
- (ii) after the issue of the notification, combinations falling within the threshold limits would not require to be filed before Competition Commission of India.
- (iii) with this reform measure, the Government intends to promote Ease of Doing Business in the country and enable industry have greater freedom in taking legitimate business decisions which will accelerate economic growth.

The move has been widely hailed by practitioners of Competition Law and Industry as it puts Indian M&As norms in line with international best practices and is also expected to positively impact MNCs with assets in India in their M&As worldwide. It is also expected that CCI will see significant reduction in the notices of combinations that enterprises are mandated to submit to the Commission as per the Competition Act, 2002.

This measure is expected to lead to greater FDI also into the country.

20. Invoking the Powers of the Government under Section 54 of the Competition Act, 2012 (12 of 2003), two notifications were issued wherein the Central Government, in public interest, exempted every person or enterprise who is a party to a combination as referred to in Section 5 of the said Act from giving notice of the combination to the Competition Commission of India within thirty days mentioned in sub section (2) of section 6 of the Competition Act, for a period of five years from the date of publication of notification and exempted the Vessels Sharing Agreement of Liner shipping Industry from the provisions of Section 3 of the Competition Act, for a period of one year with effect from the 20th June, 2017.

The first notification is expected to significantly ease the Mergers and Acquisitions climate in the country in pursuance of the Government's objective of promoting Ease of Doing Business in the country and the second notification is expected to cater to the needs of the Shipping Industry for optimally utilizing capacities of Cargo Vessels and reduce operational costs.

21. Invoking the Powers of the Government under Section 54 of the Competition Act, 2002 (12 of 2003), the Central Government, in public interest, exempted the Regional Rural Banks in respect of which the Central Government has issued a notification under sub-section (1) of section 23A of the Regional Rural Banks Act, 1976 (21 of 1976), from the application of provisions of sections 5 & 6 of the Competition Act, 2002 for a period of five years from the date of publication of the notification in the Official Gazette (10th August, 2017)

Invoking the Powers of the Government under Section 54 of the Competition Act, 2012 (12 of 2003), the Central Government, in public interest, exempted all cases of reconstitution, transfer of the whole or any part thereof and amalgamation of nationalized banks, under the

Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 (5 of 1970) and the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1980 (40 of 1980), from the application of provisions of Section 5 and 6 of the Competition Act, 2002 for a period of ten years from the date of publication of the notification in the Official Gazette. (30th August, 2017)

22. Invoking the Powers of the Government under Section 54 of the Competition Act, 2002, a notification dated 22.11.2017 exempting Central Public Sector Enterprises operating in the Oil and Gas Sectors from the application of the provisions of sections 5 & 6 of the Act was issued in national interest as the exemption would facilitate speedy acquisition among Oil and Gas Sector PSEs by way of down-stream integration, which would enhance global competitiveness of state owned entities.

23. **Merger of COMPAT with NCLAT:** 'Tribunals have been established in the country to speed up the judicial process where the Judicial System was not equipped to cope with the sudden spurt of specialized and technical types of litigation. However, the government had noted that there had been a mushrooming of various Tribunals without there being uniformity of service conditions and in many cases without sufficient workload. In pursuance of the Government's objective of Maximum Governance with Minimum Government, the Ministry had proposed the merger of the Competition Appellate Tribunal (COMPAT) with the National Company Law Appellate Tribunal (NCLAT) with a view to rationalizing the work load of the Tribunals established within the Ministry and developing an omnibus Appellate Authority with core competence in dealing with matters relating to the Companies Act and Competition Act. The measure is expected to lead to efficient utilization of the capacity being created in the NCLAT, rationalization of service conditions across Tribunals and also lead to substantial savings to the exchequer. The proposal has been accepted by Parliament in the Finance Bill 2017.

COMPAT cease to exist w.e.f. 27.05.2017 vide Ministry of Finance Gazette Notification S. O. No. 1696 (E) dated 26.05.2017, vide which the provisions of Part XIV of Chapter VI of the Finance Act, 2017 come into force.

24. **Filling up of the various deputation posts in Office of the Director General, Competition Commission of India:**

Constitution of the Selection Committee as well as coordinate the meetings of the Selection Committee to select the vacant posts of Professionals and Support Staff in the Office of the DG, CCI on deputation basis was undertaken.

25. The constitution of National Company Law Tribunal (NCLT) and National Company Law Appellate Tribunal (NCLAT) have been notified on 01 st 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

National Company Law Tribunal (NCLT), the Company Law Board (CLB) stands dissolved and cases pending with CLB were transferred to NCLT.

26. The Central Government has w.e.f. 01.12.16 notified Insolvency and Bankruptcy Code, 2016 and SICA Repeal Act, 2003. With this, the Board of Industrial and Financial Reconstruction (BIFR) and Appellate Authority for Industrial and Financial Reconstruction have been dissolved and Benches of NCLT have been designated to exercise the jurisdiction, powers and authority of Adjudicating Authority conferred by or under part II of the Insolvency and Bankruptcy Code, 2016. Vide notification No. G.S.R.119(E) dated 07.12.16 Central Government has notified provision for transfer of proceedings relating to arbitration, compromise, arrangements and reconstruction to the benches of NCLT. The applications pending before High Courts on winding up shall continue to be dealt by the respective High Courts and fresh applications are required to be filed before NCLT.

27. The benches of NCLT are being established in a phased manner taking into account the availability of physical infrastructure, members and other supporting staff etc. NCLAT is having its headquarters at New Delhi. At present the NCLT has its benches at 10 locations viz New Delhi, Ahmedabad, Allahabad, Bengaluru, Chandigarh, Chennai, Guwahati, Hyderabad, Kolkata and Mumbai. Adequate infrastructure has been provided at all these locations. Incremental requirement is being taken care of as per request received from these bodies from time to time.

28. This Ministry has also approved a proposal from NIC for implementing e-courts and other e-governance solution in NCLT/NCLAT.

29. To operationalize these bodies, Central Government had approved creation of 320 and 54 posts of various levels for NCLT and NCLAT respectively. As an interim arrangement, these bodies have been provided with staff on deputation and contract basis. Further, to assist these bodies the Ministry had initially deployed some of its officers and staff to NCLT/NCLAT. The staff of erstwhile Company Law Board (CLB) has been transferred to NCLT and NCLAT. Also, staff of erstwhile Competition Appellate Tribunal has been transferred to NCLAT.

30. **Investor Grievance Management:** As part of the Ministry's efforts for Citizen Centric Governance, a three layered Standard Operating Procedure for receipt, action, feedback and monitoring system has been put in place for disposal of Investor Grievances received in the Ministry.

The Central Investor Grievance Cell (IGM) oversees, reviews and monitors the redressal for the entire Ministry and is headed by a JS' level officer.

At the Regional Investor Grievance Cell level, grievances relating to its jurisdiction and supervising the functioning of Local Investor Grievance Cell (ROC & OL) are attended to and monthly reports submitted to the Central Investor Grievance Cell.

At the Local Investor Grievance Cell (ROC & OL), investor grievances within respective jurisdiction are attended to and monthly feedback reports are sent to Regional Investor Grievance Cell.

To improve the grievance redressal/monitoring mechanism, a system of conversion/scanning of all physical grievances into electronic form and its online transmission through MCA21 to field offices was implemented in September 2015. This has resulted in expeditious disposal and effective monitoring/tracking of grievances, thereby curbing postal delays, losses and time consuming Photostat work. The system of scanning/forwarding of all physical grievances in electronic form has also resulted in saving Public Money by paper less transmission of documents.

In order to ensure speedy and quality disposal of online grievances on CPGRAMS, monitoring is done at the senior most level officer of the Ministry on a regular basis in compliance with the directions of the Hon'ble Prime Minister. Due to the collective effort of the entire Ministry and its officers on the field, the disposal rate has gone up from 77% to 97% during the period from May, 2014 to Jan, 2018.

In addition, Standardized replies/Templates have also been developed and circulated to all concerned in the Ministry for informing action taken/disposal of grievances/complaints to the stakeholders so as to avoid ambiguity and ensure uniformity of approach.

31. Stabilization of the Companies(Cost Records and Audit) Rules:

Financial Year 2015-16: The Companies (Cost Records and Audit) Rules, 2014 was reviewed so as to make necessary amendments for further improvement and after considering various queries/ representation from the stakeholders, necessary amendments to the rules were notified vide notification no. G.S.R. 486 (E) dated 12th June, 2015.

Financial Year 2016-17: The Companies (Cost Records and Audit) Rules, 2014 was reviewed so as to make necessary amendments for further improvement and after considering various queries/ representation from the stakeholders, necessary amendments to the rules were notified vide notification no. G.S.R. 695 (E) dated 14th July, 2016.

Financial Year 2017-18 (Up to January-2018) : The Companies (Cost Records and Audit) Rules, 2014 were reviewed to harmonize cost records/cost statements (maintained as per Section 148(1) of Companies Act, 2013) with financial records/ financial statements after notification of IndAS to mandate certain class of companies to follow IndAS in phased manner. Necessary Amendments were notified to the rules vide notification no. G.S.R. 1498 (E) dated 7th December, 2017.

The Companies (cost records and audit) Second Amendment Rules, 2017 were notified vide notification G.S.R. no. 1526 (E) dated 20th December, 2017 replacing "Central Excise Tariff Act Heading" with "Customs Tariff Act Heading" in Companies (cost records and

audit) Rules, 2014 due to repeal of "Central Excise Tariff Act", 1985 on account of implementation of Good and Service Tax (GST) w.e.f 1st July, 2017.

32. Improvement in compliance level:-.

Financial Year 2015-16: After notifying the Companies (Cost Records and Audit) Rules, 2014, there has been significant improvement in compliance level. Filings under the e-forms (Form to appoint Cost Auditor) was 4543 during 2014-15 and also that filings under the e-forms (Form to file Cost Audit Report) was 6685.

Due to effective monitoring exercise by the Cost Audit Branch (CAB), it is observed that for the Financial Year 2014-15, the compliance level (filing of Cost Audit Reports) improved to 88% in July-2016 as against 48% in October-2015 and it is also noticed that there is an increase in the number of companies appointing Cost Auditors, for the Financial Year 2015-16 by 10%.

Financial Year 2016-17: Filings under the e-form CRA-2 (Form to appoint Cost Auditor) was 6568 during 2015-16 and also filings under the e-form CRA-4 (Form to file Cost Audit Report) was 5680.

Due to continuous monitoring activity by the Cost Audit Branch, there has been significant improvement in compliance level. It is observed that for the Financial Year 2015-16 the compliance level improved to 98% by July-2017 as against 88% for the Financial Year 2014-15. Also, there is an improvement in the number of companies appointing Cost Auditors for the Financial Year 2016-17 by more than 20% compared to the previous Financial Year.

Financial Year 2017-18 (Up to January-2018): Filings under the e-form CRA-2 (form to appoint Cost Auditor) was 8772 during 2016-17 and also filings under the e-form CRA-4 (Form to file Cost Audit Report) was 6948.

33. The Central Government notified National Financial Regulatory Authority (NFRA) on 21st March 2018.

National Financial Regulatory Authority (NFRA) established as an independent regulator for auditing profession which is one of the key changes brought in by the Companies Act, 2013. The inclusion of the provision in the Act was on the specific recommendations of the Standing Committee on Finance (in its 21st report). The decision is expected to result in improved foreign/domestic investments, enhancement of economic growth, supporting the globalisation of business by meeting international practices, and assist in further development of audit profession.

The jurisdiction of NFRA for investigation of Chartered Accountants and their firms under section 132 of the Act would extend to listed companies and large unlisted public companies, the thresholds for which shall be prescribed in the Rules. The inherent regulatory role of ICAI as provided for in the Chartered Accountants Act, 1949 shall continue in respect of its members in general and specifically with respect to audits pertaining to private limited companies, and public unlisted companies below the threshold limit to be notified in the rules.
