

Final Version

**Government of India
Ministry of Company Affairs**

**Outcome Budget
2007-08**

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Executive Summary

The Ministry of Company Affairs was created as an independent Ministry in May, 2004. Prior to this, the Department of Company Affairs was attached to the Ministry of Finance. The Ministry is primarily concerned with the administration of the Companies Act, 1956 and other related statutes, and has taken up a series of initiatives to meet the needs of the Indian corporate sector. These initiatives include the implementation of an ambitious e-Governance project known as MCA21 as one of the Mission Mode Projects of the Government of India under the National e-Governance Plan, comprehensive revision of the Companies Act, 1956 through a wide consultative process, introduction of a new legal framework on the Limited Liability Partnerships, Amendments to the Acts governing the three professional Institutes of Chartered Accountants, Cost and Works Accountants and the Company Secretaries, Amendments to the Competition Act, 2002, development and notification of Accounting Standards, creation of physical infrastructure in order to meet the requirements of offices and provide for an efficient work environment, and establishment of the Indian Institute of Corporate Affairs. The volume of work being done in all these areas is unprecedented notwithstanding the constraints of resources, which continue to be what they were when it was a Department.

A great deal of attention has been paid to the aspects of delivery of services and development of sound monitoring mechanisms. Indian Company Law Service (ICLS) is the key instrument for the functioning of the Ministry. Realising the need for restructuring of this service and augmentation of resources for the development of a sound cadre, an exercise has been started for the restructuring of the service, including addressing issues of capacity building and training. The working of the offices of Registrars of Companies has also been restructured with a view to augment the regulatory and compliance related issues. Delivery of Registry related services through the implementation of MCA21, coupled with restructuring of the offices of Registrars of Companies, is expected to further strengthen the implementation and monitoring mechanisms for performance and compliance related issues.

Implementation of MCA21 project has also helped in strengthening the public information system, as all company documents in the public domain are now available for public view on-line on payment of the prescribed statutory fees. The Ministry is fully geared to carry further the various initiatives and programmes on a continuing basis.

Chapter-I

Ministry of Company Affairs: Organisational set-up and major programmes

Introduction

The Ministry of Company Affairs (MCA) administers several statutes relating to the corporate sector including 'The Companies Act, 1956'. Besides, it also administers the following acts:

- i) The Chartered Accountants Act, 1949
- ii) The Cost and Works Accountants Act, 1959
- iii) The Company Secretaries Act, 1980
- iv) The Partnership Act, 1932
- v) The Societies Registration Act, 1860
- vi) The Companies (Donation to National Fund) Act, 1951
- vii) The Monopolies and Restrictive Trade Practices (MRTP) Act, 1969
- viii) The Competition Act, 2002

A. Administrative Set-up

The Ministry of Company Affairs has a three-tier organizational set-up namely, the Ministry Secretariat at New Delhi, four Regional Directorates (RDs) at Mumbai, Kolkata, Chennai and Noida, 20 offices of Registrars of Companies (ROCs) in States and Union Territories and 16 offices of the Official Liquidators (OLs) attached to the jurisdictional High Courts.

In addition to the offices mentioned above, the Ministry is also responsible, as a Nodal Ministry, for the functioning of a number of attached/ subordinate offices such as the Company Law Board, the MRTPC, office of DGI&R (under MRTP Act), Competition Commission of India, Serious Frauds Investigation Office (SFIO). It is also engaged in addressing issues relating to the institutional structure consisting

of the National Company Law Appellate Tribunal (NCLAT) and the National Company Law Tribunal (NCLT), envisaged to be set up in pursuance of the Companies (Second) Amendment Act, 2002.

The Ministry also proposes to set up an Indian Institute of Corporate Affairs for which the proposal has been approved by the Planning Commission of India for the Eleventh Five Year Plan. An outlay amounting to Rs. 47.00 crore has been proposed in the Plan Budget of the Ministry for the FY 2007-08 for this purpose. It is for the first time that this Ministry would have a Plan outlay.

A brief description of the above offices/ establishments/ institutions is given in the following paragraphs:

1. **Regional Directors**

There are four Regional Directors with their offices at Mumbai, Kolkata, Chennai and Noida. The Regional Directors serve as an intermediate administrative level between the Ministry and the field offices of the Registrars of Companies and the Official Liquidators. The main functions of these offices are to advise and guide the Registrars of Companies on technical and administrative matters, to report to the Government particularly on the activities and operations of companies and also to function as a link between the Central Government and the State Governments in their respective regions. Additionally, the Regional Directors have also been delegated powers to directly take up work and dispose off certain businesses under the provisions of The Companies Act, 1956.

2. **Registrars of Companies**

The 20 offices of the Registrars of Companies are located throughout the Country. They perform the Registry functions as envisaged under the Act starting with the incorporation of companies, acceptance of statutory annual filings and event based returns/ applications and accord approvals wherever required. The Registrars are also responsible for compliance of the statutory provisions of the Companies Act vis-à-vis the companies in their respective jurisdictions. The regulatory functions include scrutiny of the Annual Returns, Balance Sheets and other documents filed by companies under the provisions of the Companies Act, 1956, and to take necessary action on the irregularities and non-compliance noticed as a result of such scrutiny. Legal action is also taken by them against defaulting companies for contravention of the provisions of the Companies Act, 1956.

3. Official Liquidators

Under the Companies Act, 1956, the Official Liquidators are appointed by the Central Government. Their services are placed at the disposal of the respective High Courts of jurisdiction. The Official Liquidators are in-charge of the affairs of companies under compulsory liquidation. There are sixteen offices of Official Liquidators. Some of the companies in voluntary liquidation are also placed under the Official Liquidators to realize the assets of the companies in liquidation and to pay off the creditors and other claimants against the assets of the companies.

4. Company Law Board

The Companies (Amendment) Act, 1988, provided for setting up of an independent Company Law Board, a quasi-judicial body, to which some of the powers of the Central Government and the Courts have been conferred under the statute. Some of the powers earlier exercised by the Courts/ Central Government and subsequently conferred on the Company Law Board are under Sections 111 (appeal against refusal of transfer of shares and rectification of register of Members), 113 (extending the period for issue of debentures), 235-248 (investigation of affairs of companies), 250 (imposition of restriction upon shares and transfer thereof), 269 (contravention relating to appointment of managerial personnel), 408 (appointment of Government Directors), 397-398 (oppression and mismanagement), 621-A (compounding of offences) etc.

Established with effect from May 31, 1991, the Company Law Board exercises its powers through its Principal Bench located at New Delhi and Regional Benches located at four metropolitan cities at Delhi, Mumbai, Kolkata and Chennai. Powers statutorily conferred on the Company Law Board under the Companies Act, and Section 45QA of the RBI Act 1934 have been assigned to these Benches. The administrative machinery available to the Company Law Board consists of Company Law Board Secretariat at New Delhi with Secretary (CLB) and supporting officers and staff, besides Bench Officers and supporting staff at the Principal and Regional Benches. Apart from the supporting staff, it consists of one Chairman, one Vice-Chairman and one Member at present.

5. Monopolies and Restrictive Trade Practices Commission (MRTPC):

The MRTPC is a statutory body set up under the MRTP Act, 1969. The main functions of the Commission are:

- i) to inquire into any restrictive/unfair trade practice on receipt of a complaint from any trade association or from any consumer or from a registered consumers' association or on a reference from the Director General of Investigation & Registration or from the Central or State Governments or on the basis of its own knowledge or information. The Commission has the power to punish for its own contempt. Besides passing its own order the Commission has the power to award compensation and grant temporary injunction.
- ii) to inquire into monopolistic trade practices on a reference made to the Commission by the Central Government or on the basis of its own knowledge or information;

6. Director General of Investigation and Registration

Section 8 of the MRTP Act, 1969 provides for the appointment of a Director General of Investigation & Registration for making investigations for the purpose of the Act, for maintaining a register of agreements subject to the registration under the Act and also for performing such other functions as may be assigned to him by or under the Act. The duties and functions of the Director General are laid down by the statute and by the rules framed by the Central Government under the Monopolies & Restrictive Trade Practices Rules, 1970, and by the Regulations framed by the Monopolies and Restrictive Trade Practices Commission.

7. Competition Commission of India (CCI)

i) The Competition Act, 2002 was passed by the Parliament in the Winter Session of 2002 and received the assent of President in January, 2003. The Competition Act provides for setting-up of the Competition Commission of India (CCI) to regulate the anti-competitive practices in the market. The Competition Commission of India (CCI) is envisaged to comprise of a Chairperson and a minimum of two and maximum of ten other Members.

ii) The Objective of the Act is to provide, keeping in view the economic development of the country, for the establishment of a Commission to prevent practices having adverse effect on competition, to promote and sustain competition in markets in India, to protect the interests of consumers, and to ensure freedom of trade carried on by participants in market in India and for matters connected therewith or incidental thereto.

iii) The Commission (CCI) could not be fully constituted and operationalised as per the Competition Act, 2002 on account of a legal challenge to the validity of the Competition Act, 2002. The matter was finally ruled upon by the Supreme Court on 20.01.2005. To address the various legal issues raised, an Amendment Bill was introduced in the Parliament in March, 2006. The Parliamentary Standing Committee on Finance took up the Competition Amendment Bill for examination. The report of the Standing Committee on Finance on the Competition (Amendment) Bill, 2006 was presented in both the houses of Parliament on 12.12.2006. Action is in hand for preparation of the final draft proposals for amendments to the Competition Act for submission to the Parliament for consideration and approval.

8. Serious Frauds Investigation Office (SFIO)

The Government, in the backdrop of actions of some non-banking financial institutions, phenomenon of vanishing companies, plantation companies and the stock market scams, had decided to set up a Serious Frauds Investigation Office (SFIO), a multi-disciplinary organisation to investigate financial frauds. The Organisation has been established and it started functioning with effect from October 1, 2003.

The Serious Fraud Investigation Office (SFIO) investigates cases of financial fraud characterized by:-

- (a) Complexity and having inter-departmental and multi disciplinary ramifications;
- (b) Substantial involvement of public interest to be judged by size, either in terms of monetary misappropriation (of about Rs. 50.00 crore) or in terms of persons affected, and
- (c) The possibility of investigation leading to or contributing towards a clear improvement in systems, laws or procedures.

SFIO carries out the investigations under the provisions of The Companies Act, 1956.

9. National Company Law Tribunal (NCLT)

i) The Government has notified the commencement of sections 2 and 6 of the Companies (Second Amendment) Act 2002 on 01.04.2003 to initiate steps to set up National Company Law Tribunal (NCLT) and National Company Law Appellate Tribunal (NCLAT).

ii) The National Company Law Tribunal (NCLT) is envisaged to replace the existing Company Law Board (CLB), the Board for Industrial and Financial Reconstruction (BIFR) [after repeal of Sick Industrial Companies (Special Provisions) Act, 1985] and shall also have the jurisdiction of High Courts in so far as the liquidation and winding up of companies under the Companies Act, 1956 is concerned. It provides for a modern, efficient and time bound mechanism to provide for both rehabilitation and winding up of sick companies/ closure of business within a maximum period of two years.

iii) Certain amendments in Companies (Second) Amendment Act, 2002 relating to the establishment of NCLT and NCLAT were challenged in the Madras High Court in its ruling on a writ petition on 30.04.2004. An appeal was filed before the Hon'ble Supreme Court against this judgment, which is pending final decision. Further steps to constitute the NCLT and NCLAT would, therefore, be taken only after the matter is finally ruled upon by the Hon'ble Supreme Court.

B. Major Programmes of the Ministry

1. MCA21 e-Governance Project

In keeping with the rapid developments in information technology, it was decided to adopt a system that would transform MCA into a modern, paperless, service oriented, quality conscious, customer-centric organisation, delivering services of consistently high quality in an efficient manner all over the country, accessible through computers on-line with use of contemporary information

technology. It was recognized that this would require a comprehensive e-Governance system and a holistic approach towards service delivery rather than piece-meal computerisation.

MCA21 Program is an e-Governance initiative that seeks to provide citizens, corporates and others, easy and secure on-line access to all the MCA services including filing and registration (excluding those pertaining to closure of business) throughout the country any time and in a manner that may be determined by the citizens and businesses as best suited to them. Thus, the program aims at improving quality of services to the various stakeholders concerned with the Corporate Sector in the country.

The total outlay for Government under different components of the project is estimated to be of the order of Rs. 341.214 crore with an additional admissibility of Rs. 4.68 crore towards change in the scope of Bespoke software. The project period is spread over six years. The break-up of the outlay is as under:

Description	Amount
(a) Project Cost	Rs. 314.114 Cr. with permissible addition of Rs. 4.68 Cr. towards change of scope in the Bespoke software up to 30%.
(b) Cost of Data Migration beyond 6 crore pages of documents	This amount will be firm up only when data migration is completed at all sites. Cost up to 6.00 Cr. pages is included in the Project Cost.
(c) Estimated Costs of PMU and Exit Management activities	Rs. 10.50 Cr. (The exact outlay will be firm up after finalisation of bids and selection of implementing agency)
(d) Estimated Costs of setting up and maintaining GSR	Rs. 12.40 Cr. (The exact outlay will be firm up after finalisation of bids and selection of implementing agency)
(e) Cost of Consultants	Rs. 4.20 Cr.
Total Costs (a+c+d+e)	Rs. 341.214 Cr. (Estimated) Plus with the permissible addition of Rs. 4.68 Cr. towards change of scope in the Bespoke software up to 30%.

Implementation of the project started with the signing of contract with Ms. TCS Limited on March 1, 2005. The project was launched by way of two pilots at Coimbatore (18 February, 2006) and Delhi (18 March, 2006) and thereafter launched at all other

locations in a phased manner by September 4, 2006. The Government mandated e-filing of all documents from 16 September, 2006 enabled through an Amendment in the Companies Act, 1956. The budget outlay for 2007-08 for the MCA21 Project is Rs. 68.2980 crores. Details of the planned outcomes during 2007-08 are given in Chapter - II.

2. Statutory Reforms:

The Ministry has been working on wide ranging reforms in the statutory framework relating to the corporate sector. Some of the major initiatives taken in this direction are as under:-

- (i) **Comprehensive revision of the Companies Act:** It has been decided to take up comprehensive revision of Companies Act, 1956 in order to bring the law in tune with the changing requirements. The exercise was started with the preparation of the Concept Paper and its dissemination on the website of the Ministry to seek public comment, followed by constitution of an Expert Group headed by Dr J J Irani and consisting of representatives from corporate, industry bodies and professionals. Pursuant to the recommendations of Dr J J Irani Committee and wide ranging consultations with different groups of stakeholders, the drafting of a new Bill is in process.
- (ii) **Legal framework for Limited Liability Partnerships:** Keeping in view the vast potential for the growth of the knowledge and services sector in the country, the Ministry has prepared a new legislative framework enabling the creation of Limited Liability Partnerships as a new form of body corporate. To this end, Limited Liability Partnership Bill, 2006 has been introduced in the Parliament in December, 2006.
- (iii) **Amendments to the three Acts governing the Professions of Chartered Accountants, Cost and Works Accountants and Company Secretaries:** The Ministry is responsible for administration of the three Acts governing the three professional Institutes of Chartered Accountants, Cost and Works Accountants and Company Secretaries. Amendments have been carried out in these Acts during 2006 with a view to introducing provisions for growth of these professions with greater accountability.

(iv) **Competition Act (Amendment) Bill, 2006:** Pursuant to a legal challenge to certain provisions of the Competition Act, 2002 and the observations of the Hon'ble Supreme Court of India vide its ruling of 20.01.2005, certain amendments have been necessitated to the Competition Act, 2002. An Amendment Bill was introduced in the Parliament to this effect. Report of the Parliamentary Standing Committee on Finance was received in December, 2006. Further action to introduce the Bill for consideration and approval is in process.

(v) **Accounting Standards:** The National Advisory Committee on Accounting Standards (NACAS) constituted under section 210A of the Companies Act, 1956 has recommended Accounting Standards 1-29 (except AS 8 which has been merged with AS 26) for prescribing under the Act. These Accounting Standards were examined in consultation with Ministry of Law and have been prescribed under the Companies Act, 1956 through notification number GSR 739(E), dated 7th December, 2006. The new Accounting Standards incorporate the internationally accepted practices and the implementation thereof would bring the Indian Accounting systems largely conforming to the international accounting standards.

3. Investor Education and Protection

In pursuance of sub-section (1) of Section 205C of the Companies Act 1956, the Central Government/Ministry of Company Affairs established the Investor Education and protection Fund (IEPF) with effect from, 1st October, 2001 for promotion of investor awareness and protection of interests of investors. Various programmes on investor education and awareness have been organized through NGOs/Societies/Associations/Institutions etc. with support under the IEPF. The Ministry has been organizing media campaigns through electronic and print media on a continuous basis to increase investor awareness. A website namely, www.watchoutinvestor.com has been sponsored under the IEPF to help the investors protect themselves from unscrupulous promoters, companies and entities.

Another project namely "Investor Helpline" (www.investorhelpline.in) has been launched under IEPF through Midas Touch Investors Association to provide a mechanism for redressal of investor grievances. Public notices showing details of vanishing companies were published in the newspapers requesting public to forward their complaints so as to strengthen the prosecution cases launched against these companies and their promoters/directors by the State Police Authorities. Major activities of the IEPF are as under:-

- i) Establishment of the Investor Education and Protection Fund (IEPF) and its management, as per Section 205-C of the Companies Act;
- ii) Monitoring of monthly credits to the Fund;
- iii) Establishment of the IEPF Committee and its Sub-Committee.
- iv) Registration of Voluntary associations/organizations under IEPF
- v) Providing financial assistance to the organizations/associations registered under IEPF for conducting various activities for investor's awareness and education
- vi) Educating and creating awareness among investors through Electronic and Print Media.
- vii) Encouraging activities related to filing Class action Suits, research activities, related to investor education, awareness and protection
- viii) Dealing with any other issue related to investor education and awareness

The budgetary allocation for this area of work is under non-plan head only.

4. Corporate Governance

Ministry of Company Affairs has set up National Foundation for Corporate Governance (NFCG) in association with the Confederation of Indian Industries (CII), the Institute of Chartered Accountants of India (ICAI) and the Institute of Company Secretaries of India (ICSI) as a not-for-profit Trust to provide a platform to deliberate on issues relating to good corporate governance and to sensitize corporate leaders on the importance of good corporate governance practices, to facilitate exchange of experiences and ideas between corporate leaders, policy makers, regulators, law enforcing agencies and non-government organizations.

The NFCG has a three-tier structure for its management, viz, the Governing Council under the Chairmanship of Minister of Company Affairs, the Board of Trustees and the Executive Directorate.

5. Up-gradation of Physical Infrastructure and construction of new office building.

The Ministry has initiated the up-gradation of physical infrastructure at various locations in the country with the idea of improving the work environment of its offices, introducing efficiency as well as providing better client service. Under this initiative, following steps have already been undertaken:

- Acquisition of plots at Jaipur, Cuttack and Chandigarh;
- Acquisition of built-up office space from UTIISL at Bangalore and Chennai;
- Giving a New Look to the existing offices.

6. Indian Institute of Corporate Affairs (IICA)

The Ministry of Company Affairs proposes to establish an Indian Institute of Corporate Affairs (IICA) to provide policy research and knowledge support to the Ministry on an on-going basis and serve as a think tank and implementation arm for various initiatives of the Ministry. The IICA is envisaged to develop strong institutional linkages with national and international institutions besides providing support for capacity building for the officials of the Ministry with provision for a training academy for the members of the Indian Company Law Service (ICLS) and the subordinate cadres of the Ministry. The proposal has been included in the Eleventh Five Year Plan. An outlay for an amount of Rs. 47.00 crore has been proposed in the Plan Budget of the Ministry for the FY 2007-08.

Chapter-II

Annual Programme in a Tabular Format

Sr. No.	Name of the scheme/ programme	Objective/ Outcome	Budget Outlay 2007-08 (Non Plan Budget)	Quantifiable Deliverables / Physical Outputs	Projected Outcomes	Processes/ Timeliness	Remarks/ Risk Factors
1	2	3	4	5	6	7	8
1.	MCA21 e-Governance Project	<p>- Introduction of e-governance systems for the corporate sector in India to make Indian business globally competitive and delivery of services in a time-bound and transparent manner;</p> <p>- Establishment of an electronic registry to:</p> <ul style="list-style-type: none"> • facilitate transaction of all businesses in an efficient and transparent manner; • build-up a reliable database relating to the Indian corporate sector; • enable monitoring of compliance and enforcement of provisions of the Companies Act. 	Rs. 68.2980 cr.	<p>- Achieve stability of system in terms of availability of services and back office response time for processing;</p> <p>- Correction and Validation of Company Data;</p> <p>- Enhancement in user-end services by optimizing of e-forms through restructuring/ revision;</p> <p>- Development of MIS for meeting:</p> <ul style="list-style-type: none"> • Operational requirements of the ROCs and RDs; • Information requirements of the Ministry and CSSO, RBI etc; 	<p>A stable & reliable e-Governance System with ease of doing business in India;</p> <p>Authentic database of Companies;</p> <p>Ease of use by stakeholders;</p> <p>Information and compliance management;</p>	<p>June, 2007</p> <p>December, 2007</p> <p>March, 2008</p> <p>August, 2007</p>	Partly dependent on Companies' response

Sr. No.	Name of the scheme/ programme	Objective/ Outcome	Budget Outlay 2007-08 (Non Plan Budget)	Quantifiable Deliverables / Physical Outputs	Projected Outcomes	Processes/ Timeliness	Remarks/ Risk Factors
				<ul style="list-style-type: none"> Compliance management and monitoring. <p>- Development of service Benchmark levels;</p> <p>- Setting-up a single DDO (Receipts);</p> <p>- Resolution of stamp relating issues</p>	<p>Time-bound delivery of services;</p> <p>Reconciled accounts of receipts</p> <p>Complete e-filing</p>	<p>September, 2007</p> <p>September, 2007</p> <p>March, 2008</p>	<p>Subject to sanction of staff</p> <p>Legal issues and states' concurrence</p>
B	Legislative Initiatives						
	Limited Liability Partnership Bill, 2006	To provide for a new form of law for the growth of professional services sector in the country	Secretariat Economic Services (SES) Budget	Bill introduced in Dec. 2006; Referred to Standing Committee for Examination;	Enabling legislative framework for the growth of Services Sector	As per laid down processes	Subject to passage by the Parliament
	New Companies Act	Provision of a forward-looking simplified law governing the corporate sector of the country	-do-	Work in Progress Cabinet Approval	A vibrant, empowered and compliant corporate Sector	Plans for introduction of the Bill in 2007-08	Time taken in the Approval Processes
	Competition (Amendment) Bill, 2006	Establishment of the Competition Commission of India	-do-	Report of the Standing Committee received; Work in progress for seeking Cabinet Approval	Provision of healthy competition practices in the Indian Economy	As per laid down processes	Time taken in the Approval Processes

Sr. No.	Name of the scheme/ programme	Objective/ Outcome	Budget Outlay 2007-08 (Non Plan Budget)	Quantifiable Deliverables / Physical Outputs	Projected Outcomes	Processes/ Timeliness	Remarks/ Risk Factors
C Indian Institute of Corporate Affairs							
	IICA - Plan Scheme	The Indian Institute of Corporate Affairs to be set-up as an international level state-of-the-art knowledge management and services delivery centre for a holistic perception of the Corporate Affairs of the Country	Plan Scheme 47.00 cr.	Finalisation of the Management Structure and operating structure of the Institute; Engagement of Consultants for preparation of an implementable DPR ; In-principle approval of the Project from EFC; Purchase of Land; Finalisation of DPR; Selection of Construction Agency	To set-up a multi-disciplinary institute to serve as a: • think-tank and knowledge management centre for the Government and the Ministry; • service delivery centres with a single registry, data processing centre and IEPF-cum-Corporate Governance Services; • training academy for the ICLS and other cadres for capacity building.	2007-08 to 2011-12 May, 2007 July, 2007 June, 2007 Sept., 2007 December, 2007 March, 2008	Approval of EFC in time
D Capacity Building Initiatives (Non-Plan)							
	Restructuring of ICLS	Development of a competent Company Law Service	SES Budget	Development of RRS; Recruitment and Promotion systems; Deployment Policy;	A well-structured service to meet the expectations of a dynamic corporate sector and the governance related		

Sr. No.	Name of the scheme/ programme	Objective/ Outcome	Budget Outlay 2007-08 (Non Plan Budget)	Quantifiable Deliverables / Physical Outputs	Projected Outcomes	Processes/ Timeliness	Remarks/ Risk Factors
				Cadre Review and creation of additional posts	challenges		
	Training for capacity building	Capacity building among the cadres	-do-	Development of Training modules; Virtual and temporary training facilities; Organisation of training programmes			
E	Investor Education and Protection						
	Investor Education and Protection	Increased awareness about capital market operations	5.00 cr.	Organising 50 seminars /programmes on investor education through associations registered under IEPF. Conducting six 'Training of Trainers ' Programmes; Media campaigns through electronic and print medium to create investor awareness; Engagement of a professional agency;	To educate the investors about the IPOs, capital market instruments and mutual funds. Capacity Building of the NGOs/ VOs Spread Financial Literacy amongst potential investors Develop and execute an action plan on financial literacy and related issues	March, 2008 March , 2008 March , 2008 December, 2007	Receipt of sufficient number of viable proposals Nomination of suitable persons by the NGOs / VOs for attending these programmes Receipt of sufficient number of offers from competent

Sr. No.	Name of the scheme/ programme	Objective/ Outcome	Budget Outlay 2007-08 (Non Plan Budget)	Quantifiable Deliverables / Physical Outputs	Projected Outcomes	Processes/ Timeliness	Remarks/ Risk Factors
							agencies;
F	Infrastructure Strengthening						
	Acquisition of built-up Office Space and furnishing	To provide for a modern work environment with enhanced performance levels for various offices of the Ministry		Chennai Bangalore	Meet the space requirements and provision of good work environment	June, 2007	Completion of furnishing by the agency in time
	Construction of New Office Complexes		15.00 crore	Jaipur Cuttack Chandigarh	Meet the space requirements and provision of Efficient work environment	Construction completion period of 18 months starting from April, 2007	Adherence to completion schedule by the construction agencies
	Renovation and furnishing of existing offices		Out of O.E. of Ministry's Budget		Efficient work environment	August, 2007	
G	New Institutions						
	Competition Commission of India	Provide for an institution to look into and prohibit anti-competitive practices in the Indian Economy	5.00 crore (GIA from SES Budget)	Amendment to the Act; Appointment of members and staff; Provision of office infrastructure	A functional Competition Commission of India	Through 2007-08	Amendment to the Act; Creation of Posts and Time taken in selection; Budget grants;
	National Company Law Tribunal/ Appellate Tribunal	Speed-up the process of Closure of business and liquidation of Companies	4.14 crore	Preparatory work for migration from High Courts and CLB to the NCLT	Preparatory work for infrastructure provision Operationalisation of NCLT/ NCLAT	Through 2007-08	Decision from the Supreme Court; Statutory Amendments ?

Chapter - III

Reform Measures and Policy Initiatives

1. Implementation of MCA21 E-Governance Project

The Ministry of Company Affairs (MCA) is implementing an e-Governance initiative known as 'MCA21 e-Governance Project'. It is built on the Government's vision to introduce a service-oriented approach in the design and delivery of Government services. The Project offers availability of all MCA services including filing of documents, registration of companies and public access to corporate information through a secure portal. The portal services can be accessed/ availed from anywhere, at any time that best suits the corporate entities, professionals and the public at large. The project is intended to result in efficient delivery of services and supervision of corporate processes through the use of modern information technology and computers in an easy and transparent manner.

The e-Governance initiative has necessitated introduction of new features, such as the concept of Director Identification Number (DIN) to establish the identity of Directors, Digital Signature for filing documents and online payment facility through Credit Card and Internet Banking under the MCA21 e-Governance Programme.

The objective of the e-governance program is to improve the speed and certainty in the delivery of MCA services. This improvement is primarily ensured through the mechanism of secure electronic filing (e-filing) and easy online payment for all the services provided by the Registrar of Companies including for incorporation of a company, annual filing and other event based statutory filings. It is, therefore, a significant step towards an end-to-end paperless delivery of the Government services where widespread use of Digital Signature is encouraged to carry out e-filing in a secure manner in conformity with the Information Technology Act, 2000. With the amendment in the Companies Act, 1956, electronic filing using Digital Signature has been made compulsory from September 16, 2006. The facility for online payment through Credit Card and Internet Banking has also been provided on the portal through a secured

payment gateway, to ensure prompt recognition of payment and delivery of services. A total of 200 Bank Branches had been authorized initially to accept payment of statutory fees in off-line mode. This network has been extended by another 199 Branches of Punjab National Bank. The Ministry is working on initiatives to encourage stakeholders to increasingly opt for on on-line system of payments.

Facilitation:

The solution architecture provides for setting up of Registrar Front Offices (RFOs) as facilitation centres at 52 locations throughout the country. Keeping in view that the stakeholders including corporate entities and the public may face certain difficulties in the beginning in switching over from the manual filing system to an electronic filing system, these facilitation centres provide complete range of services for e-filing of documents to the stakeholders who do not have the necessary computing/ IT infrastructure or capability to use the same for e-filing from their own locations. The Project provides for continuation of this support for a period of three years from the Project Implementation Completion date without any charge to the stakeholders.

The Ministry has introduced another facility called 'Certified Filing Centres (CFC)'. Recognising the in-separable need of professionals in providing the relevant corporate services during the transition period, this scheme is aimed at extending the out-reach in addition to RFOs set up by the Ministry so as to ensure that the stakeholders do not face any difficulties in this process of transition. Unlike RFOs, services provided by these Certified Filing Centres entail payment of service charges by the users.

The Ministry with the Project operator has made concerted efforts in mitigating the initial hiccups by organizing awareness campaigns through print media and direct contact program with the active involvement of Professional Institutes and participation of Trade & Industry representative bodies.

Current status and future roadmap:

The project was rolled out at all the ROC and RD locations in a phased manner as on September 4, 2006. This was followed by mandating of e-filing of documents by the companies from September 16, 2006. As a result, all documents are being filed electronically since then. The implementation of the project has been provisionally certified as on January 17, 2007 with final certification envisaged

to be achieved by April, 2007. While all businesses are being transacted in the e-mode, further enhancements in the usability of the programme are planned to be carried out during the FY 2007-08. The plan for FY 2007-08 includes the following major steps:

- Achieving stability and reliability of the system;
- Correction and validation of the companies' database;
- Enhancement of end user services through a second round of re-engineering the e-Forms;
- Finding ways to increase the usage of on-line payments and introduction of Internet Banking facility with the remaining three Banks;
- Defining the service benchmark levels in the Ministry's offices;
- Setting up of a single DDO (Receipts) for reconciled receipt accounts;
- Resolution of the stamp related issues to switch over to complete paperless filings;
- Development of MIS for operations, information and compliance management;
- Building up a database of the Directors on companies;

2. Statutory reforms:

The Ministry has taken up a number of initiatives to provide for a legal framework which is responsive to the emerging requirements through a series of measures. Following deserve a mention in this direction:-

- (i) **Law on Limited Liability Partnerships:** Keeping in view the potential for growth of the services sector and the dominant role played by the professionals in the country's economy, a new legal framework to provide for Limited Liability Partnerships has been evolved for which a Bill has been introduced in the Parliament in December, 2006. It has been referred to the Parliamentary Standing Committee on Finance for examination. Based on the report of the Standing Committee, further action would be taken for introduction and passage of the Bill. It would also require framing of Rules and Regulations under the new law;

- (ii) **Amendments to the Competition Act, 2002:** It was envisaged to set up the Competition Commission of India in terms of the Competition Act, 2002. However, this could not progress further due to a legal challenge to certain provisions of the Act. Pursuant to the observations of the Supreme Court, a Bill to amend certain provisions of the Act was introduced in the Parliament. The Parliamentary Standing Committee on Finance submitted its report in December, 2006. The process of finalization of the Draft Bill is in hand. It is proposed to introduce the amendment Bill in the Parliament for consideration and passing during the FY 2007-08, thereby paving the way for establishment of the Competition Commission of India;

- (iii) **Comprehensive revision of the Companies Act, 1956:** The process of a comprehensive revision in the Companies Act, 1956 has been taken up following a wide consultative process with a view to providing a legal framework for the corporate sector which is not only easy to understand and implement but also responsive to a dynamic process of change so as to enable the Indian corporate sector remain competitive in the international business scenario. It is proposed to finalise the Draft Bill and introduce the same in the FY 2007-08.

- (iv) **Accounting Standards:** The National Advisory Committee on Accounting Standards (NACAS) constituted under section 210A of the Companies Act, 1956 has recommended Accounting Standards 1-29 (except AS 8 which has been merged with AS 26) for prescribing under the Act. These Accounting Standards were examined in consultation with Ministry of Law and have been prescribed under the Companies Act, 1956 through notification number GSR 739(E), dated 7th December, 2006. The new Accounting Standards incorporate the internationally accepted practices and the implementation thereof would bring the Indian Accounting systems largely conforming to the international accounting standards.

3. **Strengthening of infrastructure:**

With the unprecedented growth of the corporate sector after liberalisation (from 2.00 lakh companies in 1990 to about 8.00 lakh companies on various Registries as of now), the need for provision of matching infrastructure has been very pressing. The Ministry offices in the field do not conform to an efficient work environment, much less meeting the expectations of stakeholders visiting these offices.

Recognising this need, the Ministry has taken up a number of initiatives on upgrading the level of its offices including additional space and furnishing the same to create a congenial work environment. It has been decided to acquire built-up space for its offices at Chennai and Bangalore from UTIISL. The furnishing of these offices is expected to be completed by June, 2007. A programme for construction of new office complexes at Jaipur, Cuttack and Chandigarh has been taken in hand for which plots of land have already been acquired. The construction is expected to take off with the beginning of the new Financial Year with the completion targeted in a period of 18 months thereafter. Efforts are also being made to acquire a plot of land at Mumbai from Mumbai Port Trust for construction of a modern office complex. In addition, steps have been taken to refurbish/ renovate the offices at other locations. The Ministry proposes to acquire its own office complexes at various locations in a phased manner over a period of next five years.

4. New Institutions:

It is proposed to work on establishment of two major Institutions during the FY 2007-08. These include:

- (i) **Competition Commission of India:** Following the proposed amendment in the Competition Act, 2002, it is proposed to initiate action on setting up a full-fledged Competition Commission of India. It would involve selection of Members, professional and supporting staff and provision for office infrastructure. Keeping in view the time consuming processes involved in setting up a new Institution of this size and magnitude, some preparatory work is being carried out in this direction. Subject to passage of the amendment Bill, and other related implementation decisions, budgetary requirements would undergo a major increase during the year.
- (ii) **National Company Law Tribunal (NCLT) and NCLAT:** In order to enable corporate issues to be addressed by a specialized body and to provide for speedy disposal of the process of liquidation of companies, the Companies Act, 1956 was amended in 2002 providing for setting up of a new Institution known as the National Company Law Tribunal and an Appellate Tribunal. It envisages setting up of 15 Benches of the NCLT throughout the country besides a Principal Bench and the Appellate Bench at Delhi. However, the provisions of the Act enabling setting up of the NCLT faced a legal challenge. The matter is being heard by the Hon'ble Supreme Court.

5. Indian Institute of Corporate Affairs (IICA):

The business environment is undergoing a major change, both at the national and international level. The Indian corporate sector is emerging as a major economic player. However, the Ministry, which is responsible for looking after the affairs of the corporate sector, is severely constrained in terms of an institutional structure which could serve as a think-tank and provide knowledge support to enable the Ministry to respond to the emerging requirements and plan for future strategies in a dynamic process of change. Besides, constraints are also being faced on lack of capacity to be able to administer and regulate a sector which has grown much beyond the existing knowledge frontiers. Hence the need for an Academy for capacity building for the ICLS and the subordinate cadres.

It is in this background that the Ministry approached the Planning Commission with its proposal to set up an Indian Institute of Corporate Affairs which would serve as a multi-disciplinary Institution and consist of about five Schools, a Training Academy for the ICLS and other cadres of the Ministry, a Single Registry with a Data Centre, Corporate Data Mining and Processing Centre and other Centres to deliver services in the area of Investor Education and Protection and dissemination of good corporate governance practices. The proposal has been included in the Eleventh Five Year Plan with an overall proposed outlay of Rs. 211.00 crore. An outlay of Rs. 47.00 crore has been allocated for this purpose during the FY 2007-08. It is for the first time that this Ministry would have a Plan outlay.

It is proposed to acquire land for the Institute during the FY 2007-08, decide on the management and operating structure of the proposed Institute and prepare an implementable Detailed Project Report during the first three quarters of the year. Efforts would be made to start construction by the close of the Financial Year 2007-08.

6. Administrative Reforms:

The Ministry has initiated steps towards administrative reforms to streamline its working as a facilitator for delivery of services and as an effective regulator for compliance of the legal provisions. With the implementation of MCA21, initiatives have been taken in hand towards:

- Restructuring the offices of Registrars of Companies;
- Restructuring and strengthening of the Indian Company Law Service (ICLS) and capacity building;

- Pilot projects for records management and computerization of books of accounts of the Official Liquidators, and
- Identification and striking off the defunct companies to the extent possible under the legal provisions.

It is proposed to continue with these reform measures and other initiatives during the FY 2007-08.

7. Investors Education and Protection Fund (IEPF)

The protection of interests of small investors has been a matter of concern and in order to effectively fulfill this commitment various initiatives have been taken by the Government. The funds available under IEPF are being used for awareness campaigns through multi-media strategies. Besides, two major projects have been sponsored under the IEPF. These include the setting up of a Registry of Economic Defaulters in order to help the investors protect themselves from unscrupulous promoters, companies and entities through the portal www.watchoutinvestors.com and another project under which a website www.investorhelpline.in which serves as a window of redressal of investor grievances by taking up their complaints with the companies. However, it is felt that these initiatives are not enough and there is a pressing need to take up financial literacy programmes in a big way. It is proposed to engage a professional agency to work on an aggressive plan of action, design and develop the content for literacy programmes and deliver the same in an innovative manner to reach out to the investors and empower them to take informed decisions. The process has already been initiated. It is expected that the professional agency should be on Board by September, 2007 and start delivering the programmes before the close of the FY 2007-08.

8. Corporate Governance

A National Foundation for Corporate Governance (NFCG) had been set up by this Ministry as a trust in partnership with Confederation of Indian Industry, Institute of Chartered Accountants of India and Institute of Companies Secretaries of India to provide a platform for deliberating issues relating to good corporate governance practices. The focus of NFCG would be to take up the issue of adopting and implementing a country strategy on corporate governance with the active involvement and participation of all the stakeholders and dissemination of corporate governance practices for the small and medium enterprises. It is proposed to include the concept of Corporate Social Responsibility as a part of this initiative.

CHAPTER IV

Review of Past Performance

1. MCA21 e-Governance Project: Current Status

- The project has been rolled-out in all 20 ROC locations as on September 4, 2006;
- The MCA21 portal www.mca.gov.in has emerged as one of the most popular portals of the Government with an average of 16.29 lakh hits a day and a maximum of 39.31 lakh hits as on 29th December, 2006
- 14,99,929 documents have been filed electronically with incorporation of 34,153 new companies through the MCA21 portal;
- 1,57,349 persons have viewed public documents on-line using the MCA21 portal;
- About 3.00 lakh Balance-sheets and Annual Returns have been filed by the companies using the system. The compliance rate has significantly improved after introduction of MCA21;
- About 80% of the documents are being filed by the stakeholders directly using the portal (VFO route). Only 10% documents are being filed through the Certified Filing Centres (CFCs) and another 10% through the Facilitation Centres set up under MCA21. This shows that the process of transition has been very smooth and the stakeholders have accepted the programme without any problems.

2. Legal Reforms:

- i) Amendments to the three Acts governing the three professional Institutes of Chartered Accountants, Cost and Works Accountants, and the Company Secretaries were carried out during the current Financial Year to provide for greater freedom with accountability in these professions. New Councils have been elected by ICAI and ICSI and the election process initiated for ICWAI under the amended provisions of the three Acts;

- ii) Accounting standards (1 to 29 except AS-8) have been notified during the current Financial Year. This is the result of a five year long exercise and is a major achievement of the Ministry whereby the Indian Accounting Standards, incorporating the best international practices, have been developed and notified;
- iii) A Bill to amend the Competition Act, 2002 was introduced in the Parliament during the current Financial Year. The Parliamentary Standing Committee on Finance, after examination of the proposals, submitted its Report in December, 2006. Further action to introduce the Bill for consideration and passing is under process;
- iv) A new legal framework on the law of Limited Liability Partnerships has been evolved to enable the growth of services sector in the country. The Bill has been introduced in the Parliament during the current Financial Year.

3. Infrastructure improvement:

With a view to meeting the requirements of modern office infrastructure and providing a new look to the MCA offices to meet the expectations of the corporate sector, initiatives have been taken in hand during the current Financial Year. These include:

- i) Purchase of plots of land for construction of new office at Chandigarh, besides Jaipur and Cuttack;
- ii) Purchase of built up office space at Chennai and Bangalore;
- iii) Furnishing of the existing offices to upgrade the office environment;
- iv) Initiate steps for acquisition of a plot of land at Mumbai.

4. Administrative Reforms:

A number of initiatives have been taken during the current Financial Year which include:

- i) Restructuring and cadre review of the ICLS;
- ii) Restructuring of the offices of ROCs;
- iii) Identification and striking off the names of defunct companies;

- iv) Pilot projects for the Official Liquidators at four metro locations for records management and computerization of account books of the companies under liquidation;

It is proposed to carry on with these initiatives during the FY 2007-08.

5. Investor Education and Protection Fund (IEPF)

The Ministry has launched various awareness/ education campaigns through Electronic as well as Print Media; -

- (i) Series of advertisement on investor education were issued in national as well as regional language newspapers. Through these advertisements, efforts have been made to educate investors for investing in IPOs, market instruments, Mutual Funds etc.
- (ii) The Media campaign had been launched in various newspapers, wherein besides the above said educative message, NGOs/VOs involved in investor education and protection activities, especially those with a rural outreach, were been invited to apply for financial assistance under IEPF schemes. Further, organizations, which were keen to carry out the research on the subjects of investor education/protection, related issues were also invited to submit their proposals to the IEPF.
- (iii) Conducted panel discussions, telecast of TV Video Spots on Doordarshan and private channels carrying the message on investors education.
- (iv) Investor Education message was aired on All India Radio through Prasar Bharati to create awareness on the issues concerning investors and about the IEPF.
- (v) An "Investor Helpline" www.investorhelpline.in project has been launched under IEPF through Midas Touch Investors Association to provide a mechanism for redressal of grievances and to create investor awareness.
- (vi) Besides the above, a website, namely www.watchoutinvestors.com had been created to help the investors to protect themselves from unscrupulous promoters, companies and entities. The website is a national registry of economic defaulters and covers information on convictions by various regulatory bodies.

Under the Capacity building programme “Training of Trainers” programmes through Indian Institute of Capital Market (IICM), Mumbai had been conducted especially for the new organizations active at Taluka level.

The following research projects were undertaken:

- (i) Research on unclaimed dividends etc. through the Indian Institute of Capital Markets (IICM), Mumbai
- (ii) Research on Household investors through the Society for Capital Markets Research and Development, Delhi.

6. Corporate Governance

A website of NFCG had been launched to serve as a vehicle for dissemination of policies for better corporate governance. NFCG had framed an Action Plan, which includes development of good corporate governance principles on identified themes i.e. (i) corporate governance norms for Institutional Investors, (ii) corporate governance norms for independent directors, and (iii) corporate governance norms for Audit. Three core groups were constituted in this behalf. Besides, the NFCG sponsored orientation programmes for Directors through Institutes of Excellence, organized seminars and conferences to propagate the need for following good corporate governance practices. Ministry of Company Affairs, in association with the Organisation for Economic Cooperation and Development (OECD), had organized an International Conference focusing on the theme “2006 Policy Dialogue on Corporate Governance in India” on 16th & 17th February 2006. The focus areas in the work plan for the financial year 2007-2008 are: -

- (a) Encouraging and conducting research
- (b) Creating awareness on the importance of good corporate governance practices
- (c) to give financial grant to suitable proposals of National Centres for Corporate Governance and identify & accredit reputed institutes to spread the message of Corporate Governance. To review the performance of accredited institutes
- (d) Cultivating International Linkages by Exchanging best practices

CHAPTER-V
Financial Review/ Statement

Ministry of Company Affairs									
(Rs. in crore)									
Sub-Heads	2004-05			2005-06			2006-07		
	BE	RE	AE	BE	RE	AE	BE	RE	AE (upto Dec'06)
Salaries	28.34	29.99	29.59	30.68	31.18	31.31	33.50	37.54	26.99
Wages	0.00	0.00	0.00	0.00	0.12	0.05	0.12	0.09	0.04
OTA	0.10	0.07	0.08	0.08	0.11	0.11	0.10	0.11	0.07
Medical Treatment	0.00	0.00	0.00	0.90	0.40	0.45	0.50	0.70	0.39
Travel Expenses (Domestic)	1.13	1.28	0.80	1.23	1.50	1.27	1.40	1.37	0.70
Travel Exp. (Forgien)	0.29	0.20	0.16	0.29	0.20	0.11	0.25	0.25	0.05
Office Expenses	7.47	9.02	8.88	7.96	9.50	9.35	13.00	13.00	5.70
Rents Rates & Taxes	4.43	4.43	2.91	4.63	4.28	6.03	5.00	6.65	3.03
Publication	0.05	0.04	0.01	0.04	0.10	0.02	0.06	0.06	0.04
Banking Cash Transaction Tax	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Administrative Exp.	0.03	0.06	0.03	0.06	0.10	0.07	0.10	0.10	0.07
Advertising & Publicity	0.00	0.00	0.00	0.00	1.50	0.09	1.00	0.50	0.00
Professional Services	2.29	0.89	0.30	1.00	0.59	0.64	0.57	0.63	0.22
Grants in Aid	0.00	0.00	0.00	0.00	1.25	0.00	0.50	0.01	0.00
Contribution	1.26	0.86	0.01	1.26	0.01	0.00	0.02	0.01	0.01
IEPF	3.00	3.00	1.69	2.50	3.00	1.92	5.00	5.00	0.53
Grants in Aid (CCI)	5.08	1.06	1.39	2.70	1.50	1.33	3.00	3.00	1.22
Modernisation & CN	1.00	1.00	0.00	60.00	28.13	16.70	70.84	39.15	4.30
Secret Service Exp.	0.03	0.03	0.01	0.04	0.03	0.03	0.04	0.03	0.00
Capital	3.00	2.70	0.43	2.90	6.50	5.70	10.00	36.80	1.21
Total	57.50	54.63	46.29	116.27	90.00	75.18	145.00	145.00	44.57
Abbreviations used:	BE - Budget Estimates; RE - Revised Estimates ; AE - Actual Expenditure								

CHAPTER-VI

Review of Performance of Statutory Bodies and Attached Offices

Financial Review

(Rs. in crore)

Sr. No.	Organisation	Actuals 2004-05	Actuals 2005-06	Budget Estimates 2006-07	Revised Estimates 2006-07	Budget Estimates 2007-08
1.	Monopolies and Restrictive Trade Practices Commission (MRTPC)	1.74	1.93	2.08	2.94	3.24
2.	Director General of Investigation & Registration (DGI&R)	1.08	1.00	1.28	1.17	1.32
3.	Company Law Board (CLB)	1.36	1.51	1.68	1.72	1.94
4.	Grant-in-Aid to Competition Commission of India (CCI)	1.39	1.33	3.00	3.00	5.00
5.	National Company Law Tribunal (NCLT)	1.01	0.74	5.73	3.33	4.13
6.	Serious Fraud Investigation Office (SFIO)	1.95	2.06	2.64	2.83	3.18

Physical Review

Name of the Organisation	Target assigned for 2006-07	Physical outcome during 2006-07(up to Dec'06)
Monopolies and Restrictive Trade Practices Commission (MRTPC)	MRTP Commission is a quasi-judicial body established under Section 5 of the MRTP Act, 1969. The main function of the Commission is to enquire into and to take appropriate action in respect of unfair trade practices and restrictive trade practices. In regard to MTP, the Commission is empowered u/s 10B to enquire into such practices (i) upon a reference made to it by the Central	The Commission being a quasi-judicial body, the cases are heard in the Court and are at various stages such as filing of a reply, rejoinder, applicant's evidence, respondent's evidence and final arguments. In view of the nature of the work, no time frame can be fixed. The position with regard to the cases instituted/received and disposed off during the year 2006-07 (upto February, 2007) is as follows:-

Name of the Organisation	Target assigned for 2006-07	Physical outcome during 2006-07(up to Dec'06)				
	Government (ii) upon its own knowledge or information and submit its findings to Central Government for further action. The Commission receives complaints both from registered consumer and trade associations and also from individuals either directly or from various Government departments. In view of the nature of work of the Commission, no target can be fixed.	Particulars/ category of cases	No. of cases carried forward from previous year	No. of cases instituted/ received during the year	Total no. of cases	No. of cases disposed off during this year
		Restrictive Trade Practices Enquiry	338	79	417	117
		Unfair Trade Practices Enquiry	606	176	782	199
		Monopolistic Trade Practices Enquiry	5	--	5	5
		Compensation Applications	1147	188	1335	229
Director General of Investigation & Registration (DGI&R)	The Action Plan for performing the statutory functions of this office for the year 2006-07 was as under : (i) To dispose of 80% of the orders of Preliminary Investigation Reports (PIR) received from the MRTP Commission. (ii) To complete 90% of pending suo motu investigations by end of the financial year. (iii) To dispose of 90% of complaints received from the aggrieved customers/traders or other parties for redressal.	<p>1. In the beginning of the year, 29 orders of PIR were on hand. 58 fresh such orders were received during the period and 49 PIRs were submitted to the Hon'ble MRTP Commission.</p> <p>2. Out of 251 suo-motu investigations in hand in the beginning of the year, 248 investigations were completed during the period. 25 fresh investigations were initiated to study marketing arrangements of companies/traders.</p> <p>3. As a result of aforesaid suo-motu investigations, 18 applications were filed before the MRTP Commission for institution of enquiries into restrictive and unfair trade practices.</p> <p>4. 54 complaints were on hand for investigation as on</p>				

Name of the Organisation	Target assigned for 2006-07	Physical outcome during 2006-07(up to Dec'06)
	(iv) To monitor advertisements issued by traders and investigate into false or misleading advertisements and file applications for initiation of enquiry by the MRTP Commission.	<p>1.4.2006 while 140 fresh complaints were received upto December, 2006 alleging restrictive and unfair trade practices. 136 complaints were settled during the period.</p> <p>5. Fresh investigations have been taken up to monitor advertisements released by the builders/ construction companies. One application has been filed before the MRTP Commission on the basis of one such investigation.</p>
Company Law Board	No specific targets were assigned due to the nature of work of CLB, which is a quasi-judicial body. Its primary function is the disposal of applications/ petitions received under the provisions of Companies Act and the RBI Act.	<p>Target fixed at Sr. No. 1 to 5 have been fully achieved.</p> <p>So far as disposal of applications are concerned, during 1.4.2006 to 31.12.2006, 1190 applications were considered under Section 58A (9) of Companies Act and 45QA of the RBI Act, 1934 of which 157 were disposed of. Under other Sections of the Companies Act, 1956, 4761 petitions were considered out of which 3618 petitions were disposed of during this period. This includes 614 cases compounded under section 621-A of the Companies Act, 1956.</p> <p>During the same period of the previous year ended on 31.12.2005 1527 applications were considered under Section 58A (9) of Companies Act and 45QA of the RBI Act, 1934 of which 510 were disposed of. Under other Sections of the Companies Act, 1956, 4749 petitions were considered out of which 3657 petitions were disposed of during this period. This includes 569 cases compounded under section 621-A of the Companies Act, 1956.</p> <p>2. Presently, every month a hardship committee meeting is held in CLB, New Delhi as per CLB's order for refund of deposit on hardship grounds. The cheques/drafts for refunds are distributed by CLB on receiving the same from the companies in respect of the cases received by CLB. There are lot of improvement in terms of redressal of grievances of the small and needy depositors. 100% cases of complaints received by CLB</p>

Name of the Organisation	Target assigned for 2006-07	Physical outcome during 2006-07(up to Dec'06)
		are being redressed.
National Company Law Tribunal(NCLT)	No targets could be assigned since NCLT could not be operationalised due to the legal challenges pertaining to amendments in Companies (2 nd) Amendment Act, 2002. The matter is pending before Hon'ble Supreme Court for a final decision.	The case in Supreme Court is being regularly monitored and pursued for an early decision. Steps to constitute NCLT and National Company Law Appellate Tribunal (NCLAT) can be taken only after the matter is settled by the Hon'ble Supreme Court.
Serious Fraud Investigation Office(SFIO)	No specific targets were assigned given the nature of work of SFIO.	<p>During the period 2006-07, the break up details of the investigation cases frinalised/prosecution done by SFIO is given as under:-</p> <ol style="list-style-type: none"> 1. For 16 cases relating to Ketan Parekh group of companies investigations completed and reports submitted. 2. 200 prosecutions have been filed in 7 cases.
Competition Commission of India(CCI)	No specific targets were assigned as the Competition Commission of India is yet to become fully functional after amendment bill is passed by the Parliament.	As the Commission has not yet become operational, the physical outcome may be treated as NIL. However, the Commission was involved in organizing various activities, workshops, seminars etc. during the year for advocacy. The Commission has also done work relating to drafting of various rules and regulations in respect of various Sections of the Act.