

**GOVERNMENT OF INDIA
MINISTRY OF CORPORATE AFFAIRS**

**LOK SABHA
UNSTARRED QUESTION NO. 3210
ANSWERED ON FRIDAY, AUGUST 7, 2015/
SHRAVANA 16, 1937 (SAKA)**

CORPORATE GOVERNANCE

QUESTION

3210. SHRI VENKATESH BABU T.G.:

Will the Minister of CORPORATE AFFAIRS

कारपोरेट कार्य मंत्री

be pleased to state:

- (a) whether the Government has issued an order to auditors directing to highlight any lapse in companies related to frauds, internal control, inventories and outstanding dues in order to curb fraudulent practices in companies;**
- (b) if so, the details thereof; and**
- (c) the measures taken by the Government to strengthen the overall corporate governance standard in the country?**

ANSWER

THE MINISTER OF CORPORATE AFFAIRS

(SHRI ARUN JAITLEY)

कारपोरेट कार्य मंत्री

(श्री अरुण जेटली)

(a) to (b):- Yes, Madam. The Government, has issued the Companies (Auditor's Report) Order, 2015 requiring the auditors of relevant companies to include in their report a statement on various matters, including fraud noticed/reported, internal control system, physical verification of inventories and repayment of dues to financial institutions or banks. Sub-paragraphs 3(ii) (a), (iv), (ix) and (xii) of paragraph no. 3 of the Companies (Auditor's Report) Order, 2015, which has been made available on the Ministry of Corporate Affairs' Website <http://www.mca.gov.in>, are particularly relevant.

(c):- The Companies Act, 2013 which replaces the Companies Act, 1956 incorporates various provisions aimed at strengthening of corporate governance in companies in India. These include, inter-alia, enhanced responsibilities for the Board and its committees like the Audit Committee and Nomination and Remuneration Committee, enhanced disclosures to stakeholders, appointment of Independent Directors, stricter norms for ensuring independence and accountability of auditors and greater level of investor protection. Further, the Indian Accounting Standards (Ind AS) have

also been notified in February 2015, and are expected to contribute to improved corporate governance.
